



DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630) 834-0100 Fax: (630) 834-0120

AGENDA

FINANCE COMMITTEE

**THURSDAY, DECEMBER 18, 2014
6:00 P.M.**

**600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126**

COMMITTEE MEMBERS

P. Suess, Chair

C. Janc

J. Pruyn

D. Russo

J. Zay

- I. Roll Call
- II. Approval of Minutes for Regular Committee Meeting of November 20, 2014 Finance Committee of the DuPage Water Commission
- III. Resolution No. R-33-14: A Resolution Amending the Reserve Fund Policy of the DuPage Water Commission
- IV. Resolution No. R-34-14: A Resolution Amending the Investment Policy of the DuPage Water Commission
- V. Request for Board Action: Authorizing the Transfer of Funds from the General Account and Sales Tax Account to the Capital Reserve Account
- VI. Request for Board Action: Authorization for the General Manager to engage in a two (2) year agreement with Sikich LLC for audit services at the DuPage Water Commission for a not to exceed amount of \$32,000 per year
- VII. Approval of Reconciliations
- VIII. Treasurer's Report – November 2014
- IX. Financial Statements – November 2014
- X. Investment Update
- XI. Accounts Payable
- XII. Other
- XIII. Adjournment

Board\Agendas\Finance\2014\FC 2014-12.docx

All visitors must present a valid driver's license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, NOVEMBER 20, 2014
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:06 P.M.

Committee members in attendance: P. Suess, C. Janc, J. Pruyn, D. Russo and J. Zay
(arrived at 6:33 P.M.)

Committee members absent: none

Non-Committee members in attendance: R. Furstenau

Also in attendance: J. Spatz, T. McGhee, and C. Peterson

Discussion regarding the Reserve Fund Policy and Investment Policy

General Manager Spatz noted the changes in the Reserve policy were based upon discussions that started in June to amend the policy once the debt certificates were paid in full and prior to the loss of the sales tax revenues in 2016. He felt it was imperative for the Commission to establish a Capital Reserve going forward. The policy has been modified to address that need. In addition, there was discussion regarding extending the length of the acceptable investments in the Long-Term Water Capital Reserve from a 5 year maximum to a 10 year and adjusting the benchmark from a 1-5 year U.S. Treasury to a 1-10 year U.S. Treasury.

General Manager Spatz discussed inquiries from customers regarding reserves, specifically capital reserves, and other future plans. He stated that customers were told that the Finance Committee and Board were working on a plan regarding reserves and other items. Chairman Suess noted the Commission did need to build up reserves to help fund both short and long term capital needs, which had not been done in the past.

Commissioner Russo noted that the policy was distributing funds between different accounts for specific purposes. General Manager Spatz noted the goal would be to fully fund the Capital Reserve fund prior to the loss of the sales tax revenues. Commissioner Pruyn asked if this was too aggressive of a plan. General Manager Spatz responded that the Commission should not have an issue meeting the goal based upon current projections. A couple of the Commissioners then noted some additional small changes needed in the Reserve Policy to the changes made by the Commission staff.

Commissioner Furstenau left the meeting at 6:19 P.M., Mr. McGhee left the meeting at 6:20 P.M., and Chairman Zay left the meeting at 6:21 P.M.

General Manager Spatz then lead a discussion then focused on the wording to the investment policy limiting the amount of the reserves that can be invested in maturities past 5 years. Commissioner Janc noted he felt there definitely should be some wording in the policy designating a portion with a shorter duration to be able to access some of the money without incurring a penalty. Chairman Suess stated that investing in longer term maturities should be done, but it would benefit the Commission to initially limit the duration. He noted that the policy could be revisited as the assets grow.

Chairman Zay returned to the meeting at 6:34 P.M.

The Committee agreed to bring the resolutions, which include the discussed points from the meeting, amending the Capital Reserve policy and investment policy to the full Board in December along with a request to start transferring funds from the General and Sales Tax accounts into the newly formed Capital Reserve account.

Minutes

Commissioner Janc moved to approve the Minutes of the Regular Committee Meeting of September 18, 2014 of the Finance Committee. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Workers' Compensation Insurance

General Manager Spatz noted the renewal is with Illinois Public Risk Fund. The Commission has looked into the pricing from other firms, but even with the rate increase at Illinois Public Risk Fund it is still the best option. Chairman Suess asked if the Commission was self-funded to any extent. General Manager Spatz responded no.

Commissioner Russo moved to recommend to the Board to accept Illinois Public Risk Fund has the Commission's Workers' Compensation Insurance provider. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Financial Administrator Peterson read from Treasurer Ellsworth's memo that he had reviewed and approved the journal entries and bank reconciliations for the month of October.

Treasurer's Report – October 2014

Financial Administrator Peterson read from Treasurer Ellsworth's written summary of the October Treasurer's Report that he had provided the Committee. She noted on page 1 of the report that cash and investments totaled \$81.7M.

Financial Administrator Peterson discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio was at 62 basis points, up from the prior month's yield of 60 basis points.

Financial Administrator Peterson noted that on the Statement of Cash Flows that operating activities increased cash flows by \$8.0M, \$17.7M of sales tax revenues were received and debt payments totaled \$14.2M year to date. She stated that all targeted reserve levels were met or exceeded targets.

Financial Statements – October 2014

Financial Administrator Peterson provided the Committee with a summary of the October Financial Statements. She noted that six months into the current fiscal year, revenues are exceeding expenses slightly ahead of budgeted seasonal expectations, even as water sales are below budget by approximately 5%. An offset is water purchases are approximately 6% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 5.7% in October. Cumulatively Sales Tax collections as of October 31, 2014, were approximately 4.5% over the prior year.

Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities.

Financial Administrator Peterson noted that cash balances were up compared to prior year by nearly \$13M. Receivables were up flat versus prior year due to lower water sales and timing of collections, partially offset by higher water costs. Debt has declined by \$34M compared to prior year balances at October 31st.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss in the revenue and expense accounts.

Auditor Update

General Manager Spatz informed the Finance Committee that an RFP was sent out and posted and five firms replied with proposals. From those proposals, prices were received for a 3 year term beginning in fiscal 14-15. General Manager Spatz discussed the prices received and reasons given for price reductions. The Committee discussed their options and agreed to present a decision to the full Board in the December meeting.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

October 8, 2014 to November 11, 2014	\$7,121,829.10
<u>Estimated</u>	<u>\$ 706,905.00</u>
Total	\$7,828,734.10

Other

None

Adjournment

Chairman Zay moved to adjourn the meeting at 6:54 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.



DuPage Water Commission

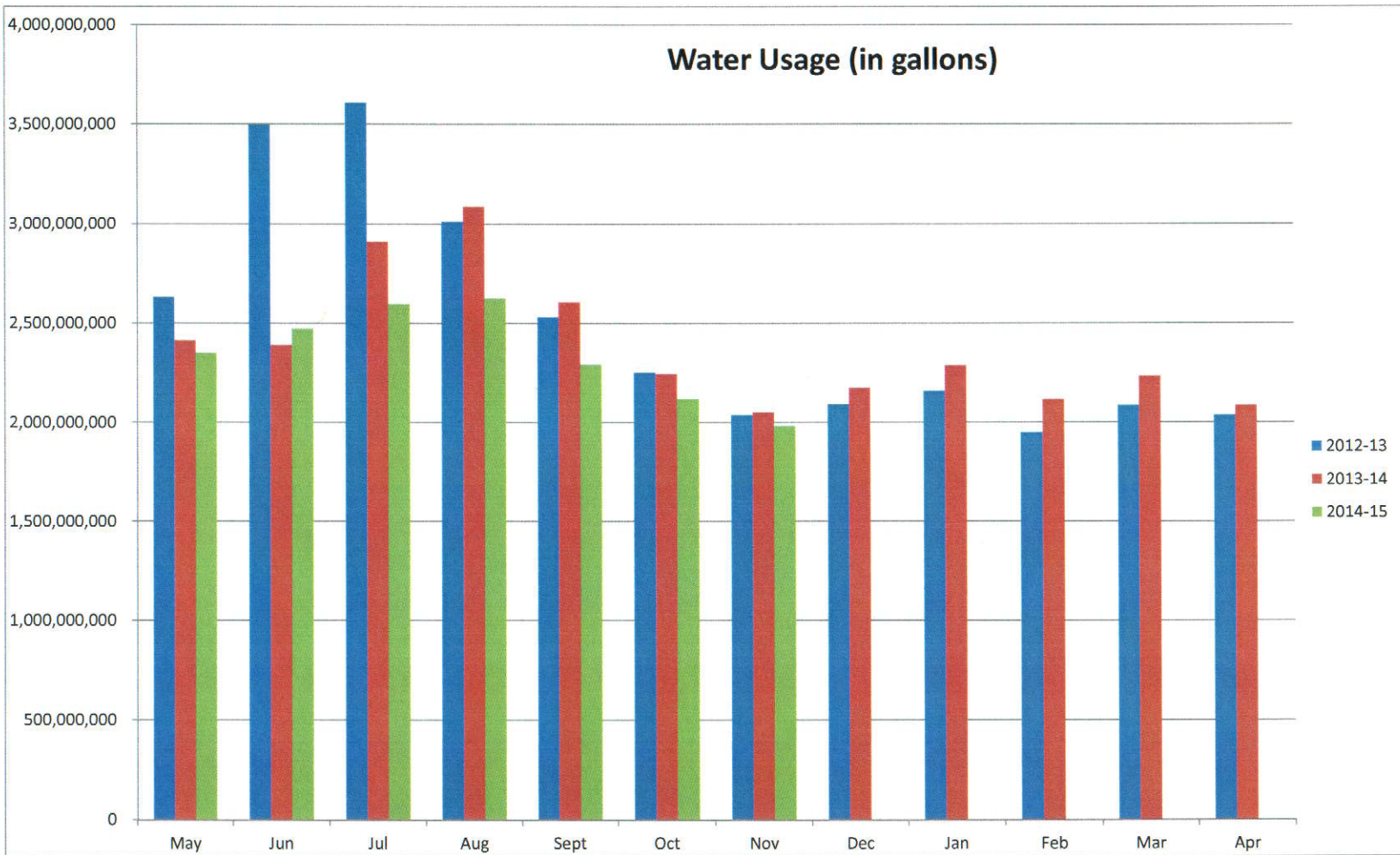
MEMORANDUM

TO: John Spatz, General Manager
FROM: Cheryl Peterson, Financial Administrator
DATE: December 10, 2014
SUBJECT: Financial Report – November 30, 2014

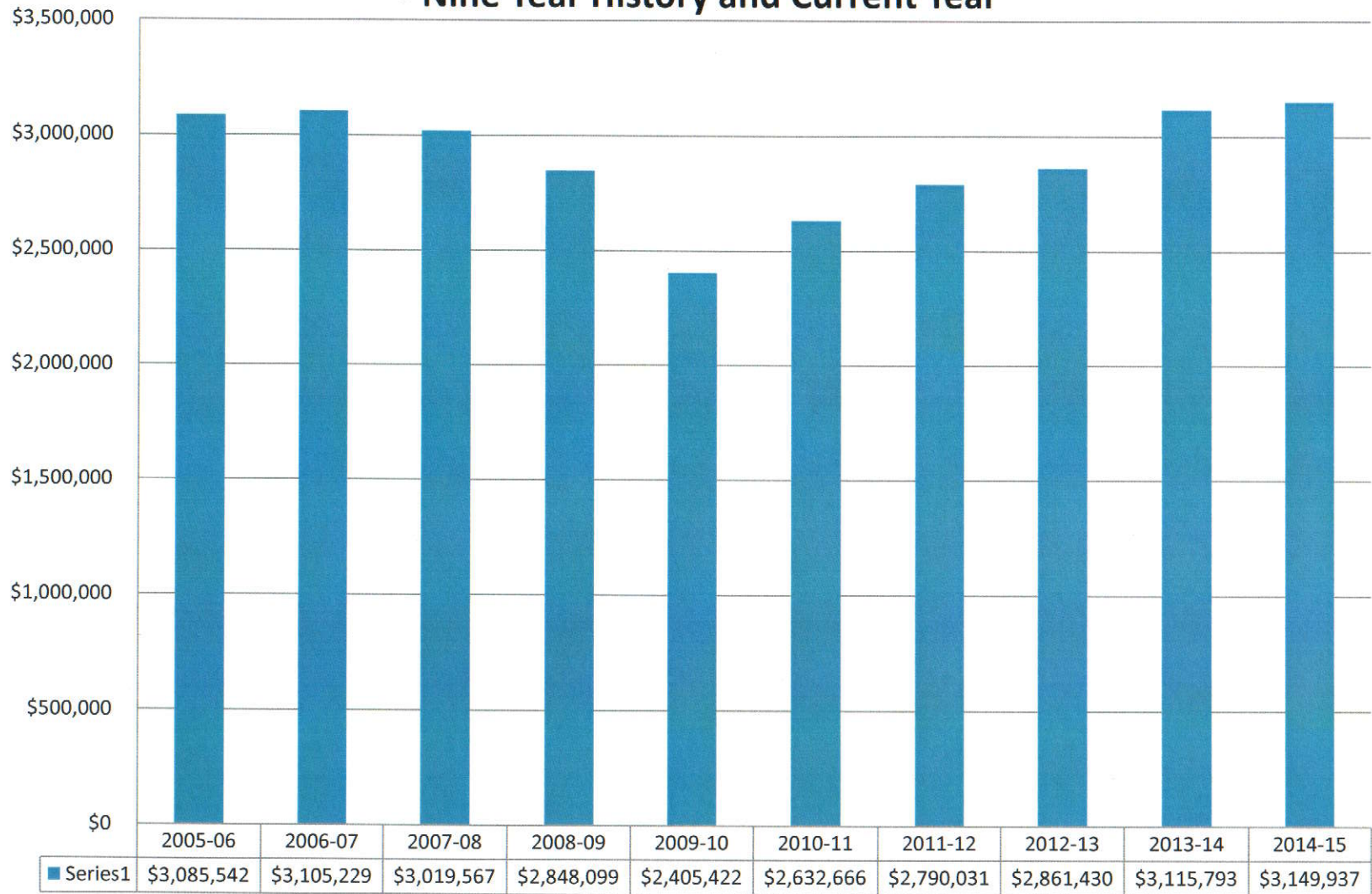
Cheryl Peterson
John Spatz

- Water sales to Commission customers for November were 65.9 million gallons (3.3%) less than November 2013, and down by 128.3 million gallons compared to October 2014. Year-to-date water sales were down by 1,280.6 million gallons or 7.4% compared to the prior fiscal year.
- Water sales to Commission customers for November were 25.3 million gallons (2.3%) higher than the budgeted anticipated/forecasted sales for the month. Year-to-date water sales were 647.5 million gallons (3.9%) below the budgeted anticipated/forecasted sales.
- November sales tax collections (Aug) were \$3.15 million or 1.1% more than the same period last fiscal year. Cumulatively, sales tax collections are approximately \$789,000 (3.9%) more than prior year. Adjusted for seasonality, sales tax collections are \$1.7 million over budgeted collections through November 2014.
- Water billings to customers for O&M costs were \$7.7 million and water purchases from the City of Chicago was \$6.6 million. Water billing receivables at November month end (\$10.3 million) decreased compared to the prior month (\$11.3 million) primarily due to lower water sales and timing of collections.
- The Commission is seven months or 58.3% into the fiscal year. As of November 30, 2014, \$89.3 million of the \$151.5 million revenue budget has been realized. Therefore, 58.9% of the revenue budget has been accounted for year to date. For the same period, \$64.7 million of the \$116.4 million expenditure budget has been realized, and this accounts for 55.6% of the expenditure budget.
- Adjusted for seasonality based on a monthly trend, year to date revenues are 100% and expenses are 92.7% of the current budget.
- The Operating Reserve and Long Term Water Capital Accounts had reached their respective 2014/2015 fiscal year end targeted levels. The O&M, General Account and the Sales Tax Subaccount have balances of \$15.6 million, \$17.9 million and \$7.2 million, respectively.
- Debt Balances declined by approximately \$1.2 million to \$17.8 million outstanding in the current month.

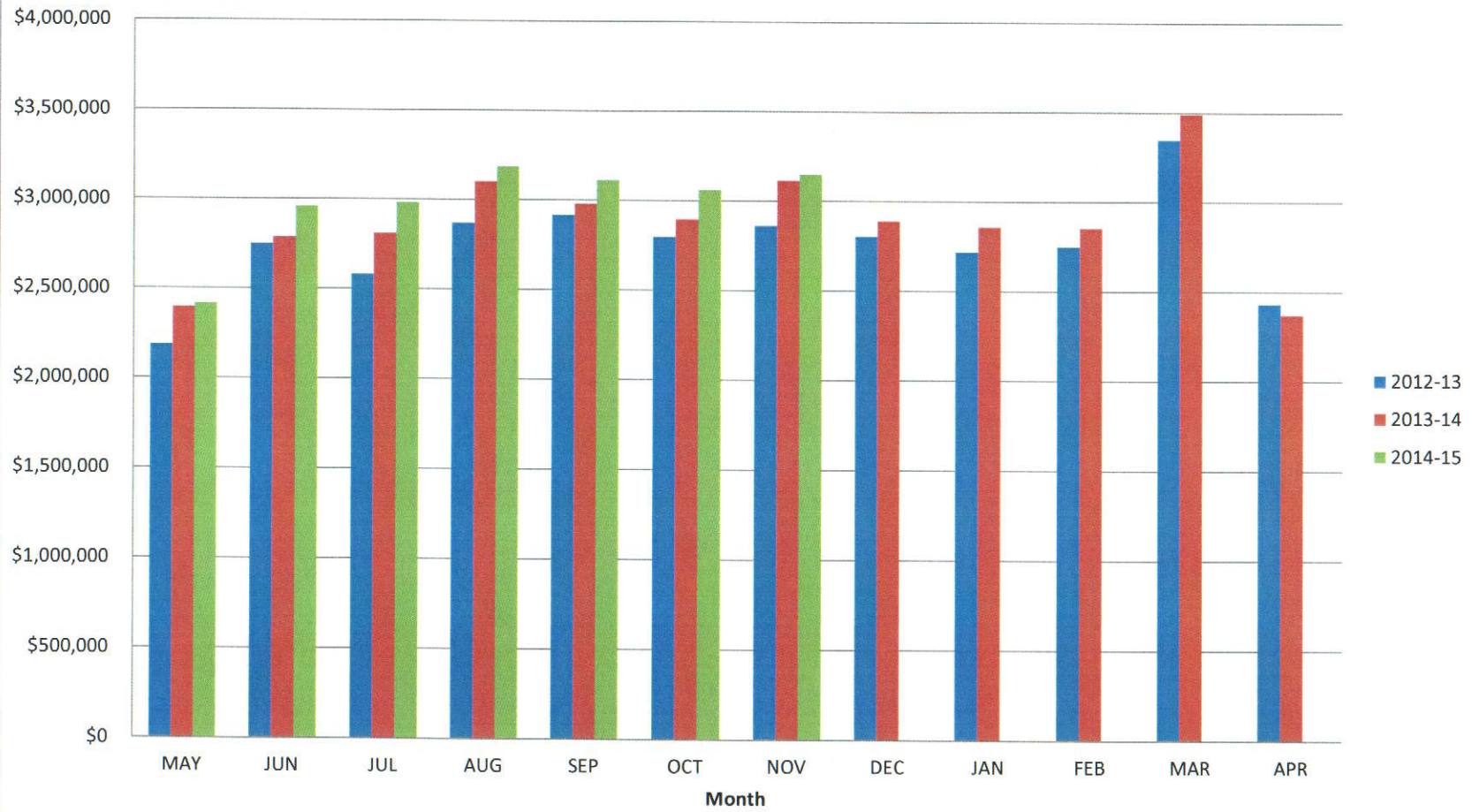
cc: Chairman and Commissioners



DuPage Water Commission - Sales Tax Collections - Month of Nov - Nine Year History and Current Year



Three Year Sales Tax Analysis



DuPage Water Commission

Summary of Specific Account Target and Summary of Net Assets

November 30, 2014

Revenue Bond Ordinance Accounts and Commission Policy Reserves	Account / Reserve		Year-End Specific	Status
	Assets Balance (1)	Offsetting Liabilities	Account Target	
Operations and Maintenance Account	\$ 15,575,645.74	\$ 7,569,637.85		Positive Net Assets
Revenue Bond Interest Account	\$ 16,334.58	\$ 14,562.85		Positive Net Assets
Revenue Bond Principal Account	\$ 1,178,500.00	\$ 1,175,500.00		Positive Net Assets
General Account	\$ 17,938,248.22	\$ -		Positive Net Assets
Sales Tax Subaccount	\$ 7,226,882.03	\$ 70,148.81		Positive Net Assets
Operating Reserve	\$ 37,765,081.37		\$ 37,152,341.00	Target Met
L-T Water Capital Reserve	\$ 5,805,131.89		\$ 5,725,000.00	Target Met
	\$ 85,505,823.83	\$ 8,829,849.51	\$ 42,877,341.00	\$ 33,798,633.32

Total Net Assets - All Commission Accounts

Unrestricted	\$ 92,292,822.04
Principal & Interest Accounts	\$ 1,190,062.85
Invested in Capital Assets, net	\$ 336,772,214.02
Total	\$ 430,255,098.91

(1) Includes Interest Receivable

BALANCE SHEET

AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND

	2013-2014 BALANCE	2014-2015 BALANCE
<u>ASSETS</u>		
<u>CURRENT</u>		
CASH	1,200.00	1,200.00
INVESTMENTS	71,036,682.66	85,360,229.96
ACCOUNTS RECEIVABLE		
WATER SALES	10,354,041.56	10,339,225.12
INTEREST RECEIVABLE	146,571.85	144,393.87
SALES TAX RECEIVABLE	7,500,000.00	7,900,000.00
OTHER RECEIVABLE	234,885.73	(45,435.39)
INVENTORY	167,080.00	167,080.00
PREPAIDS	480,858.93	69,464.85
TOTAL CURRENT ASSETS	<u>89,921,320.73</u>	<u>103,936,158.41</u>
<u>NONCURRENT ASSETS</u>		
FIXED ASSETS	499,158,411.55	500,227,930.75
LESS: ACCUMULATED DEPRECIATION	(139,220,716.72)	(146,805,292.90)
CONSTRUCTION WORK IN PROGRESS	1,252,812.83	478,740.06
LONG TERM RECEIVABLES	588,524.81	539,481.08
TOTAL NONCURRENT ASSETS	<u>361,779,032.47</u>	<u>354,440,858.99</u>
TOTAL ASSETS	451,700,353.20	458,377,017.40
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<u>LIABILITIES</u>		
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<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	6,672,162.97	7,286,484.01
ACCOUNTS PAYABLE CAPITAL	3,483.64	3,711.74
ACCRUED PAYROLL LIABILITIES	286,905.51	283,153.84
NOTES PAYABLE	20,000,000.00	0.00
BONDS PAYABLE	5,818,750.00	5,877,500.00
ACCRUED INTEREST	41,325.18	14,562.85
CONTRACT RETENTION	96,260.73	70,148.81
DEFERRED REVENUE	3,651,112.74	3,300,605.94
TOTAL CURRENT LIABILITIES	<u>36,570,000.77</u>	<u>16,836,167.19</u>
<u>NONCURRENT LIABILITIES</u>		
CAPITAL LEASE PAYABLE	21,304.81	12,558.68
REVENUE BONDS	26,048,800.00	11,954,550.00
UNAMORTIZED PREMIUM	(1,222,865.54)	(733,719.38)
OTHER POST EMPLOYMENT BENEFITS LIAB.	50,639.00	52,362.00
TOTAL NONCURRENT LIABILITIES	<u>24,897,878.27</u>	<u>11,285,751.30</u>
TOTAL LIABILITIES	61,467,879.04	28,121,918.49
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BALANCE SHEET

AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND

	2013-2014	2014-2015
ASSETS	BALANCE	BALANCE
BEGINNING EQUITY/RESERVES	<u>369,462,532.58</u>	<u>405,688,713.88</u>
TOTAL REVENUE	82,230,459.17	89,270,264.07
TOTAL EXPENSES	<u>61,460,517.59</u>	<u>64,703,879.04</u>
NET CHANGE	<u>20,769,941.58</u>	<u>24,566,385.03</u>
TOTAL EQUITY/RESERVES	<u>390,232,474.16</u>	<u>430,255,098.91</u>
NET ASSETS	451,700,353.20	458,377,017.40
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DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 - WATER FUND
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 58.33

	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
WATER SERVICE	117,857,482	8,343,322.98	0.00	68,017,585.33	0.00	49,839,897.16	57.71
TAXES	33,000,000	3,149,937.18	0.00	20,870,383.72	0.00	12,129,616.28	63.24
OTHER INCOME	634,391	6,441.76	0.00	382,295.02	0.00	252,095.98	60.26
TOTAL REVENUES	151,491,873	11,486,818.40	0.00	89,270,264.07	0.00	62,221,609.42	58.93
<u>EXPENDITURE SUMMARY</u>							
<u>OPERATIONS</u>							
PERSONNEL SERVICES	4,096,998	257,194.34	0.00	2,095,931.48	0.00	2,001,066.08	51.16
CONTRACT SERVICES	879,760	30,171.35	0.00	379,591.78	0.00	500,168.30	43.15
INSURANCE	633,200	38,267.37	0.00	308,181.91	0.00	325,018.09	48.67
OPERATIONAL SUPPORT SRVS	616,515	40,844.78	0.00	173,357.24	0.00	443,157.76	28.12
WATER OPERATION	100,961,724	6,825,681.77	0.00	56,635,755.82	0.00	44,325,968.60	56.10
BOND INTEREST	901,500	55,415.11	0.00	435,018.55	0.00	466,481.45	48.25
LAND & LAND RIGHTS	13,250	0.00	0.00	3,155.78	0.00	10,094.22	23.82
CAPITAL EQUIP/DEPREC	8,259,700	667,272.86	0.00	4,672,886.48	0.00	3,586,813.52	56.57
TOTAL OPERATIONS	116,362,647	7,914,847.58	0.00	64,703,879.04	0.00	51,658,768.02	55.61
TOTAL EXPENDITURES	116,362,647	7,914,847.58	0.00	64,703,879.04	0.00	51,658,768.02	55.61
REVENUE OVER/(UNDER) EXPENDITURES	35,129,226	3,571,970.82	0.00	24,566,385.03	0.00	10,562,841.40	69.93

DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND

% OF YEAR COMPLETED: 58.33

REVENUES	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>WATER SERVICE</u>							
01-5111 O&M PAYMENTS- GOVERNMENTAL	107,125,284	7,472,957.29	0.00	61,817,163.78	0.00	45,308,119.72	57.71
01-5112 O&M PAYMENTS- PRIVATE	2,667,976	188,908.48	0.00	1,498,250.21	0.00	1,169,725.61	56.16
01-5121 FIXED COST PAYMENTS- GOVT	6,969,559	580,809.31	0.00	4,065,665.17	0.00	2,903,893.77	58.33
01-5122 FIXED COST PAYMENTS-PRIVATE	173,578	14,452.13	0.00	101,164.91	0.00	72,413.32	58.28
01-5131 SUBSEQUENT CUSTOMER - GO	325,100	26,197.68	0.00	183,383.76	0.00	141,716.24	56.41
01-5132 SUBSEQUENT CUSTOMER - PRIVAT	578,300	48,166.96	0.00	337,168.72	0.00	241,131.28	58.30
01-5141 EMERGENCY WATER SERVICE- GOV	17,686	11,831.13	0.00	14,788.78	0.00	2,897.22	83.62
TOTAL WATER SERVICE	117,857,482	8,343,322.98	0.00	68,017,585.33	0.00	49,839,897.16	57.71
<u>TAXES</u>							
01-5300.SALES TAXES - WATER REVENUE	26,400,000	3,149,937.18	0.00	20,870,383.72	0.00	5,529,616.28	79.05
01-5300.WATER FUND - GENERAL	6,600,000	0.00	0.00	0.00	0.00	6,600,000.00	0.00
TOTAL TAXES	33,000,000	3,149,937.18	0.00	20,870,383.72	0.00	12,129,616.28	63.24
<u>OTHER INCOME</u>							
01-5810 INVESTMENT INCOME	336,000	(7,639.76)	0.00	307,855.64	0.00	28,144.36	91.62
01-5900 OTHER INCOME	0	1,198.00	0.00	68,064.71	0.00	(68,064.71)	0.00
01-5901 SALE OF EQUIPMENT	0	0.00	0.00	5,474.67	0.00	(5,474.67)	0.00
01-5920 CONTRIBUTIONS	298,391	0.00	0.00	900.00	0.00	297,491.00	0.30
TOTAL OTHER INCOME	634,391	(6,441.76)	0.00	382,295.02	0.00	252,095.98	60.26
** TOTAL REVENUES **	151,491,873	11,486,818.40	0.00	89,270,264.07	0.00	62,221,609.42	58.93
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DU PAGE WATER COMMISSION
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: NOVEMBER 30TH, 2014

01 - WATER FUND
OPERATIONS

% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REBATE/ALW BAD DEBT STLM</u>							
<u>PERSONNEL SERVICES</u>							
01-60-6111 ADMIN SALARIES	1,233,550	90,766.75	0.00	659,801.84	0.00	573,747.72	53.49
01-60-6112 OPERATIONS SALARIES	1,490,653	98,391.00	0.00	825,529.78	0.00	665,123.15	55.38
01-60-6113 SUMMER INTERNS	20,000	136.00	0.00	15,727.25	0.00	4,272.75	78.64
01-60-6116 ADMIN OVERTIME	7,400	181.84	0.00	1,041.64	0.00	6,358.36	14.08
01-60-6117 OPERATIONS OVERTIME	119,252	13,219.84	0.00	88,249.86	0.00	31,002.37	74.00
01-60-6121 PENSION	330,722	11,180.60	0.00	171,486.55	0.00	159,235.91	51.85
01-60-6122 MEDICAL/LIFE BENEFITS	557,920	25,681.71	0.00	191,276.18	0.00	366,643.82	34.28
01-60-6123 FEDERAL PAYROLL TAXES	219,620	6,256.60	0.00	106,058.17	0.00	113,562.21	48.29
01-60-6128 STATE UNEMPLOYMENT	13,780	0.00	0.00	723.46	0.00	13,056.54	5.25
01-60-6131 TRAVEL	10,800	575.00	0.00	3,925.96	0.00	6,874.04	36.35
01-60-6132 TRAINING	45,300	1,730.00	0.00	6,395.50	0.00	38,904.50	14.12
01-60-6133.01 CONFERENCES	23,700	0.00	0.00	15,944.29	0.00	7,755.71	67.28
01-60-6191 OTHER PERSONNEL COSTS	24,300	9,075.00	0.00	9,771.00	0.00	14,529.00	40.21
TOTAL PERSONNEL SERVICES	4,096,998	257,194.34	0.00	2,095,931.48	0.00	2,001,066.08	51.16
<u>CONTRACT SERVICES</u>							
01-60-6210 WATER CONSERVATION PROGRAM	20,000	0.00	0.00	12,131.40	0.00	7,868.60	60.66
01-60-6233 TRUST SERVICES & BANK CHARGE	61,000	4,371.56	0.00	29,491.05	0.00	31,508.95	48.35
01-60-6251 LEGAL SERVICES- GENERAL	120,000	2,722.53	0.00	12,747.24	0.00	107,252.76	10.62
01-60-6253 LEGAL SERVICES- SPECIAL	50,000	0.00	0.00	7,201.10	0.00	42,798.90	14.40
01-60-6258 LEGAL NOTICES	25,500	47.15	0.00	12,584.05	0.00	12,915.95	49.35
01-60-6260 AUDIT SERVICES	45,000	0.00	0.00	41,700.00	0.00	3,300.00	92.67
01-60-6280 CONSULTING SERVICES	215,000	8,862.75	0.00	55,098.37	0.00	159,901.63	25.63
01-60-6290 CONTRACTUAL SERVICES	343,260	14,167.36	0.00	208,638.57	0.00	134,621.51	60.78
TOTAL CONTRACT SERVICES	879,760	30,171.35	0.00	379,591.78	0.00	500,168.30	43.15
<u>INSURANCE</u>							
01-60-6411 GENERAL LIABILITY INSURANCE	51,000	3,605.47	0.00	25,238.09	0.00	25,761.91	49.49
01-60-6412 PUBLIC OFFICIAL LIABILITY	22,200	1,588.17	0.00	11,117.15	0.00	11,082.85	50.08
01-60-6415 WORKER'S COMPENSATION	85,000	0.00	0.00	40,488.00	0.00	44,512.00	47.63
01-60-6416 EXCESS LIABILITY COVERAGE	35,000	2,587.63	0.00	18,113.61	0.00	16,886.39	51.75
01-60-6421 PROPERTY INSURANCE	375,000	29,560.13	0.00	206,921.11	0.00	168,078.89	55.18
01-60-6422 AUTOMOBILE INSURANCE	15,000	925.97	0.00	6,303.95	0.00	8,696.05	42.03
01-60-6491 SELF INSURANCE PROPERTY	50,000	0.00	0.00	0.00	0.00	50,000.00	0.00
TOTAL INSURANCE	633,200	38,267.37	0.00	308,181.91	0.00	325,018.09	48.67
<u>OPERATIONAL SUPPORT SRVS</u>							
01-60-6512 GENERATOR DIESEL FUEL	112,500	0.00	0.00	0.00	0.00	112,500.00	0.00
01-60-6513 NATURAL GAS	30,000	1,402.99	0.00	3,808.48	0.00	26,191.52	12.69
01-60-6514.01 TELEPHONE	36,892	1,756.72	0.00	11,181.43	0.00	25,710.57	30.31
01-60-6514.02 CELL PHONE & CORR. TELEMETRY	31,300	1,599.54	0.00	11,986.22	0.00	19,313.78	38.29
01-60-6514.03 RADIOS	9,360	0.00	0.00	8,892.00	0.00	468.00	95.00
01-60-6514.04 REPAIRS & EQUIPMENT	4,700	0.00	0.00	375.00	0.00	4,325.00	7.98
01-60-6521 OFFICE SUPPLIES	30,180	1,204.70	0.00	7,666.13	0.00	22,513.87	25.40
01-60-6522 BOOKS & PUBLICATIONS	3,388	1,201.50	0.00	2,386.90	0.00	1,001.10	70.45

01 -WATER FUND
 OPERATIONS

% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
01-60-6531 PRINTING- GENERAL	8,650	0.00	0.00	240.00	0.00	8,410.00	2.77
01-60-6532 POSTAGE & DELIVERY	7,800	127.31	0.00	2,017.04	0.00	5,782.96	25.86
01-60-6540 PROFESSIONAL DUES	19,080	520.00	0.00	12,565.45	0.00	6,514.55	65.86
01-60-6550 REPAIRS & MAINT- OFFICE EQUI	13,320	710.18	0.00	3,221.58	0.00	10,098.42	24.19
01-60-6560 REPAIRS & MAINT- BLDGS & GRN	187,540	30,535.59	0.00	81,729.69	0.00	105,810.31	43.58
01-60-6580 COMPUTER SOFTWARE	15,200	1,496.25	0.00	5,581.25	0.00	9,618.75	36.72
01-60-6590 COMPUTER/SOFTWARE MAINTENANCE	91,705	290.00	0.00	21,082.46	0.00	70,622.54	22.99
01-60-6591 OTHER ADMINISTRATIVE EXPENSE	14,900	0.00	0.00	623.61	0.00	14,276.39	4.19
TOTAL OPERATIONAL SUPPORT SRVS	616,515	40,844.78	0.00	173,357.24	0.00	443,157.76	28.12
WATER OPERATION							
01-60-6611.01 WATER BILLING	95,179,049	6,570,536.80	0.00	54,503,158.40	0.00	40,675,891.02	57.26
01-60-6611.02 ELECTRICITY	1,400,000	96,961.93	0.00	607,036.91	0.00	792,963.09	43.36
01-60-6611.03 OPERATIONS & MAINTENANCE	456,000	23,272.28	0.00	198,377.09	0.00	257,622.91	43.50
01-60-6611.04 MAJOR MAINTENANCE	400,000	0.00	0.00	0.00	0.00	400,000.00	0.00
01-60-6612.01 PUMP STATION	2,000,000	110,648.70	0.00	904,527.12	0.00	1,095,472.88	45.23
01-60-6612.02 METER STATION, ROV, TANK SITE	117,000	468.40	0.00	40,239.62	0.00	76,760.38	34.39
01-60-6613 WATER CHEMICALS	26,700	0.00	0.00	8,619.17	0.00	18,080.83	32.28
01-60-6614 WATER TESTING	24,000	1,114.89	0.00	8,842.89	0.00	15,157.11	36.85
01-60-6621 PUMPING SERVICES	221,800	186.60	0.00	104,288.52	0.00	117,511.48	47.02
01-60-6623 METER TESTING & REPAIRS	35,700	6,421.92	0.00	13,696.42	0.00	22,003.58	38.37
01-60-6624 SCADA / INSTRUMENTATION	43,900	2,163.54	0.00	23,704.04	0.00	20,195.96	54.00
01-60-6625 EQUIPMENT RENTAL	11,700	0.00	0.00	751.00	0.00	10,949.00	6.42
01-60-6626 UNIFORMS	29,000	946.65	0.00	4,154.42	0.00	24,845.58	14.33
01-60-6627 SAFETY	69,660	6,005.08	0.00	26,933.93	0.00	42,726.07	38.66
01-60-6631 PIPELINE REPAIRS	450,000	0.00	0.00	56,063.39	0.00	393,936.61	12.46
01-60-6632 COR TESTING & MITIGATION	39,000	1,080.89	0.00	2,240.18	0.00	36,759.82	5.74
01-60-6633 REMOTE FACILITIES MAINTENANCE	196,400	6,209.62	0.00	17,244.31	0.00	179,155.69	8.78
01-60-6634 PLAN REVIEW- PIPELINE CONFLI	79,365	0.00	0.00	40,157.36	0.00	39,207.64	50.60
01-60-6637 PIPELINE SUPPLIES	83,850	325.40	0.00	54,880.02	0.00	28,969.98	65.45
01-60-6640 MACHINERY & EQUIP- NON CAP	17,250	0.00	0.00	0.00	0.00	17,250.00	0.00
01-60-6641 REPAIRS & MAINT- VEHICLES	39,500	1,500.85	0.00	6,997.62	0.00	32,502.38	17.72
01-60-6642 FUEL- VEHICLES	40,000	0.00	0.00	13,833.41	0.00	26,166.59	34.58
01-60-6643 LICENSES- VEHICLES	1,850	0.00	0.00	10.00	0.00	1,840.00	0.54
TOTAL WATER OPERATION	200,961,724	6,825,681.77	0.00	56,635,755.82	0.00	44,325,968.60	56.10
BOND INTEREST							
01-60-6722 BOND INTEREST- REV BONDS	700,000	55,325.02	0.00	407,434.97	0.00	292,565.03	58.20
01-60-6723 NOTE INTEREST - DEBT CERT.	200,000	0.00	0.00	26,860.48	0.00	173,139.52	13.43
01-60-6724 INTEREST EXPENSE	1,500	90.09	0.00	723.10	0.00	776.90	48.21
TOTAL BOND INTEREST	901,500	55,415.11	0.00	435,018.55	0.00	466,481.45	48.25
LAND & LAND RIGHTS							
01-60-6810 LEASES	1,000	0.00	0.00	0.00	0.00	1,000.00	0.00
01-60-6820 PERMITS & FEES	12,250	0.00	0.00	3,155.78	0.00	9,094.22	25.76
TOTAL LAND & LAND RIGHTS	13,250	0.00	0.00	3,155.78	0.00	10,094.22	23.82

DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND
 OPERATIONS

% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>CAPITAL EQUIP/DEPREC</u>							
01-60-6851 COMPUTERS	23,700	0.00	0.00	1,762.44	0.00	21,937.56	7.44
01-60-6920 DEPRECIATION- TRANS MAINS	4,565,000	378,977.26	0.00	2,652,840.79	0.00	1,912,159.21	58.11
01-60-6930 DEPRECIATION- BUILDINGS	2,600,000	214,441.63	0.00	1,501,091.35	0.00	1,098,908.65	57.73
01-60-6940 DEPRECIATION-PUMPING EQUIPMENT	910,000	62,410.54	0.00	436,873.86	0.00	473,126.14	48.01
01-60-6952 DEPRECIATION- OFFICE FURN &	99,000	7,150.25	0.00	50,265.84	0.00	48,734.16	50.77
01-60-6960 DEPRECIATION- VEHICLES	62,000	4,293.18	0.00	30,052.20	0.00	31,947.80	48.47
TOTAL CAPITAL EQUIP/DEPREC	8,259,700	667,272.86	0.00	4,672,886.48	0.00	3,586,813.52	56.57
<u>CONSTRUCTION IN PROGRESS</u>							
01-60-7112.01 DPC YORK MS-CONSTR	298,391	0.00	0.00	900.00	0.00	297,491.00	0.30
01-60-7216 ROOF REPLACEMENT	1,000,000	0.00	0.00	0.00	0.00	1,000,000.00	0.00
01-60-7217 PUBLIC MTG ROOM HVAC REPLACE	130,000	0.00	0.00	0.00	0.00	130,000.00	0.00
01-60-7218 RESERVOIR HATCH REPLACEMENT	100,000	1,212.95	0.00	12,197.42	0.00	87,802.58	12.20
01-60-7219 EFFLUENT VAULT STAIRS REPLACEM	65,000	808.30	0.00	8,036.84	0.00	56,963.16	12.36
01-60-7707.01 STANDPIPE PAINTING-CONSTR	1,910,000	0.00	0.00	11,385.00	0.00	1,898,615.00	0.60
01-60-7708.01 STANDPIPE MIXING SYSTEM-CONSTR	800,000	0.00	0.00	47,335.61	0.00	752,664.39	5.92
01-60-7710 VALVE REHAB & REPLACEMENT	300,000	0.00	0.00	0.00	0.00	300,000.00	0.00
01-60-7711 METER REPLACEMENT	75,000	0.00	0.00	0.00	0.00	75,000.00	0.00
01-60-7712 CONDITION ASSESSMENT	200,000	76,065.40	0.00	76,117.20	0.00	123,882.80	38.06
01-60-7980 CAPITALIZED FIXED ASSETS	(4,878,391)	(78,086.65)	0.00	(155,972.07)	0.00	(4,722,418.93)	3.20
<u>CHGO CONSTR GRANT</u>							
<u>CONTINGENCY</u>							
<u>BOND PRINCIPAL</u>							
TOTAL OPERATIONS	116,362,647	7,914,847.58	0.00	64,703,879.04	0.00	51,658,768.02	55.61
TOTAL EXPENDITURES	116,362,647	7,914,847.58	0.00	64,703,879.04	0.00	51,658,768.02	55.61

*** END OF REPORT ***

DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 - WATER FUND
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 58.33

	Y-T-D BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
WATER SERVICE	69,600,347	8,343,322.98	0.00	68,017,585.33	0.00	1,582,761.35	97.73
TAXES	19,127,975	3,149,937.18	0.00	20,870,383.72	0.00	(1,742,408.92)	109.11
OTHER INCOME	370,061	(6,441.76)	0.00	382,295.02	0.00	(12,233.62)	103.31
TOTAL REVENUES	89,098,383	11,486,818.40	0.00	89,270,264.07	0.00	(171,881.19)	100.19
<u>EXPENDITURE SUMMARY</u>							
<u>OPERATIONS</u>							
PERSONNEL SERVICES	2,294,730	257,194.34	0.00	2,095,931.48	0.00	198,798.33	91.34
CONTRACT SERVICES	531,943	30,171.35	0.00	379,591.78	0.00	152,351.55	71.36
INSURANCE	369,367	38,267.37	0.00	308,181.91	0.00	61,184.74	83.44
OPERATIONAL SUPPORT SRVS	359,634	40,844.78	0.00	173,357.24	0.00	186,276.56	48.20
WATER OPERATION	60,838,830	6,825,681.77	0.00	56,635,755.82	0.00	4,203,074.25	93.09
BOND INTEREST	541,542	55,415.11	0.00	435,018.55	0.00	106,523.10	80.33
LAND & LAND RIGHTS	7,729	0.00	0.00	3,155.78	0.00	4,573.38	40.83
CAPITAL EQUIP/DEPREC	4,818,158	667,272.86	0.00	4,672,886.48	0.00	145,271.82	96.98
CONSTRUCTION IN PROGRESS	(0)	0.00	0.00	0.00	0.00	(0.05)	0.00
TOTAL OPERATIONS	69,761,933	7,914,847.58	0.00	64,703,879.04	0.00	5,058,053.68	92.75
TOTAL EXPENDITURES	69,761,933	7,914,847.58	0.00	64,703,879.04	0.00	5,058,053.68	92.75
REVENUE OVER/(UNDER) EXPENDITURES	19,336,450	3,571,970.82	0.00	24,566,385.03	0.00	(5,229,934.87)	127.05

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DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND

% OF YEAR COMPLETED: 58.33

REVENUES	Y-T-D BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
WATER SERVICE							
01-5111 O&M PAYMENTS- GOVERNMENTAL	63,319,238	7,472,957.29	0.00	61,817,163.78	0.00	1,502,073.86	97.63
01-5112 O&M PAYMENTS- PRIVATE	1,576,979	188,908.48	0.00	1,498,250.21	0.00	78,728.66	95.01
01-5121 FIXED COST PAYMENTS- GOVT	4,065,576	580,809.31	0.00	4,065,665.17	0.00 (	89.13)	100.00
01-5122 FIXED COST PAYMENTS-PRIVATE	101,254	14,452.13	0.00	101,164.91	0.00	89.07	99.91
01-5131 SUBSEQUENT CUSTOMER - GO	189,642	26,197.68	0.00	183,383.76	0.00	6,257.89	96.70
01-5132 SUBSEQUENT CUSTOMER - PRIVAT	337,342	48,166.96	0.00	337,168.72	0.00	172.93	99.95
01-5141 EMERGENCY WATER SERVICE- GOV	10,317	11,831.13	0.00	14,788.78	0.00 (	4,471.93)	143.35
TOTAL WATER SERVICE	69,600,347	8,343,322.98	0.00	68,017,585.33	0.00	1,582,761.35	97.73
TAXES							
01-5300 SALES TAXES - WATER REVENUE	19,127,975	3,149,937.18	0.00	20,870,383.72	0.00 (	1,742,408.92)	109.11
TOTAL TAXES	19,127,975	3,149,937.18	0.00	20,870,383.72	0.00 (	1,742,408.92)	109.11
OTHER INCOME							
01-5810 INVESTMENT INCOME	196,000 (	7,639.76)	0.00	307,855.64	0.00 (	111,855.64)	157.07
01-5900 OTHER INCOME	0	1,198.00	0.00	68,064.71	0.00 (	68,064.71)	0.00
01-5901 SALE OF EQUIPMENT	0	0.00	0.00	5,474.67	0.00 (	5,474.67)	0.00
01-5920 CONTRIBUTIONS	174,061	0.00	0.00	900.00	0.00	173,161.40	0.52
TOTAL OTHER INCOME	370,061 (	6,441.76)	0.00	382,295.02	0.00 (	12,233.62)	103.31
** TOTAL REVENUES **	89,098,383	11,486,818.40	0.00	89,270,264.07	0.00 (	171,881.19)	100.19

DU PAGE WATER COMMISSION
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: NOVEMBER 30TH, 2014

01 - WATER FUND
OPERATIONS

% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	Y-T-D BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REBATE/ALW BAD DEBT STLM</u>							
<u>PERSONNEL SERVICES</u>							
01-60-6111 ADMIN SALARIES	713,855	90,766.75	0.00	659,801.84	0.00	54,053.29	92.43
01-60-6112 OPERATIONS SALARIES	867,113	98,391.00	0.00	825,529.78	0.00	41,583.04	95.20
01-60-6113 SUMMER INTERNS	20,000	136.00	0.00	15,727.25	0.00	4,272.75	78.64
01-60-6116 ADMIN OVERTIME	4,317	181.84	0.00	1,041.64	0.00	3,275.01	24.13
01-60-6117 OPERATIONS OVERTIME	74,592	13,219.84	0.00	88,249.86	0.00 (	13,657.58)	118.31
01-60-6121 PENSION	192,921	11,180.60	0.00	171,486.55	0.00	21,434.86	88.89
01-60-6122 MEDICAL/LIFE BENEFITS	231,644	25,681.71	0.00	191,276.18	0.00	40,367.96	82.57
01-60-6123 FEDERAL PAYROLL TAXES	128,112	6,256.60	0.00	106,058.17	0.00	22,053.71	82.79
01-60-6128 STATE UNEMPLOYMENT	1,451	0.00	0.00	723.46	0.00	727.04	49.88
01-60-6131 TRAVEL	6,300	575.00	0.00	3,925.96	0.00	2,374.04	62.32
01-60-6132 TRAINING	26,425	1,730.00	0.00	6,395.50	0.00	20,029.50	24.20
01-60-6133.01 CONFERENCES	13,825	0.00	0.00	15,944.29	0.00 (	2,119.29)	115.33
01-60-6191 OTHER PERSONNEL COSTS	14,175	9,075.00	0.00	9,771.00	0.00	4,404.00	68.93
TOTAL PERSONNEL SERVICES	2,294,730	257,194.34	0.00	2,095,931.48	0.00	198,798.33	91.34
<u>CONTRACT SERVICES</u>							
01-60-6210 WATER CONSERVATION PROGRAM	11,667	0.00	0.00	12,131.40	0.00 (	464.75)	103.98
01-60-6233 TRUST SERVICES & BANK CHARGE	35,583	4,371.56	0.00	29,491.05	0.00	6,092.30	82.88
01-60-6251 LEGAL SERVICES- GENERAL	70,000	2,722.53	0.00	12,747.24	0.00	57,252.76	18.21
01-60-6253 LEGAL SERVICES- SPECIAL	29,167	0.00	0.00	7,201.10	0.00	21,965.55	24.69
01-60-6258 LEGAL NOTICES	14,875	47.15	0.00	12,584.05	0.00	2,290.95	84.60
01-60-6260 AUDIT SERVICES	45,000	0.00	0.00	41,700.00	0.00	3,300.00	92.67
01-60-6280 CONSULTING SERVICES	125,417	8,862.75	0.00	55,098.37	0.00	70,318.28	43.93
01-60-6290 CONTRACTUAL SERVICES	200,235	14,167.36	0.00	208,638.57	0.00 (	8,403.54)	104.20
TOTAL CONTRACT SERVICES	531,943	30,171.35	0.00	379,591.78	0.00	152,351.55	71.36
<u>INSURANCE</u>							
01-60-6411 GENERAL LIABILITY INSURANCE	29,750	3,605.47	0.00	25,238.09	0.00	4,511.91	84.83
01-60-6412 PUBLIC OFFICIAL LIABILITY	12,950	1,588.17	0.00	11,117.15	0.00	1,832.85	85.85
01-60-6415 WORKER'S COMPENSATION	49,583	0.00	0.00	40,488.00	0.00	9,095.35	81.66
01-60-6416 EXCESS LIABILITY COVERAGE	20,417	2,587.63	0.00	18,113.61	0.00	2,303.04	88.72
01-60-6421 PROPERTY INSURANCE	218,750	29,560.13	0.00	206,921.11	0.00	11,828.89	94.59
01-60-6422 AUTOMOBILE INSURANCE	8,750	925.97	0.00	6,303.95	0.00	2,446.05	72.05
01-60-6491 SELF INSURANCE PROPERTY	29,167	0.00	0.00	0.00	0.00	29,166.65	0.00
TOTAL INSURANCE	369,367	38,267.37	0.00	308,181.91	0.00	61,184.74	83.44
<u>OPERATIONAL SUPPORT SRVS</u>							
01-60-6512 GENERATOR DIESEL FUEL	65,625	0.00	0.00	0.00	0.00	65,625.00	0.00
01-60-6513 NATURAL GAS	17,500	1,402.99	0.00	3,808.48	0.00	13,691.52	21.76
01-60-6514.01 TELEPHONE	21,520	1,756.72	0.00	11,181.43	0.00	10,338.92	51.96
01-60-6514.02 CELL PHONE & CORR. TELEMETRY	18,258	1,599.54	0.00	11,986.22	0.00	6,272.13	65.65
01-60-6514.03 RADIOS	5,460	0.00	0.00	8,892.00	0.00 (	3,432.00)	162.86
01-60-6514.04 REPAIRS & EQUIPMENT	2,742	0.00	0.00	375.00	0.00	2,366.65	13.68
01-60-6521 OFFICE SUPPLIES	17,605	1,204.70	0.00	7,666.13	0.00	9,938.87	43.55
01-60-6522 BOOKS & PUBLICATIONS	1,976	1,201.50	0.00	2,386.90	0.00 (	410.55)	120.77

DU PAGE WATER COMMISSION
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: NOVEMBER 30TH, 2014

01 - WATER FUND
OPERATIONS

% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	Y-T-D BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
01-60-6531 PRINTING- GENERAL	5,046	0.00	0.00	240.00	0.00	4,805.85	4.76
01-60-6532 POSTAGE & DELIVERY	4,550	127.31	0.00	2,017.04	0.00	2,532.96	44.33
01-60-6540 PROFESSIONAL DUES	11,130	520.00	0.00	12,565.45	0.00	1,435.45	112.90
01-60-6550 REPAIRS & MAINT- OFFICE EQUI	7,770	710.18	0.00	3,221.58	0.00	4,548.42	41.46
01-60-6560 REPAIRS & MAINT- BLDGS & GEN	109,398	30,535.59	0.00	81,729.69	0.00	27,668.66	74.71
01-60-6580 COMPUTER SOFTWARE	8,867	1,496.25	0.00	5,581.25	0.00	3,285.40	62.95
01-60-6590 COMPUTER/SOFTWARE MAINTENANCE	53,495	290.00	0.00	21,082.46	0.00	32,412.14	39.41
01-60-6591 OTHER ADMINISTRATIVE EXPENSE	8,692	0.00	0.00	623.61	0.00	8,068.04	7.17
TOTAL OPERATIONAL SUPPORT SRVS	359,634	40,844.78	0.00	173,357.24	0.00	186,276.56	48.20
WATER OPERATION							
01-60-6611.01 WATER BILLING	57,396,070	6,570,536.80	0.00	54,503,158.40	0.00	2,892,911.23	94.96
01-60-6611.02 ELECTRICITY	886,200	96,961.93	0.00	607,036.91	0.00	279,163.09	68.50
01-60-6611.03 OPERATIONS & MAINTENANCE	266,000	23,272.28	0.00	198,377.09	0.00	67,622.91	74.58
01-60-6611.04 MAJOR MAINTENANCE	233,333	0.00	0.00	0.00	0.00	233,333.35	0.00
01-60-6612.01 PUMP STATION	1,166,667	110,648.70	0.00	904,527.12	0.00	262,139.53	77.53
01-60-6612.02 METER STATION, ROV, TANK SITE	68,250	468.40	0.00	40,239.62	0.00	28,010.38	58.96
01-60-6613 WATER CHEMICALS	15,575	0.00	0.00	8,619.17	0.00	6,955.83	55.34
01-60-6614 WATER TESTING	14,000	1,114.89	0.00	8,842.89	0.00	5,157.11	63.16
01-60-6621 PUMPING SERVICES	129,383	186.60	0.00	104,288.52	0.00	25,094.83	80.60
01-60-6623 METER TESTING & REPAIRS	20,825	6,421.92	0.00	13,696.42	0.00	7,128.58	65.77
01-60-6624 SCADA / INSTRUMENTATION	25,608	2,163.54	0.00	23,704.04	0.00	1,904.31	92.56
01-60-6625 EQUIPMENT RENTAL	6,825	0.00	0.00	751.00	0.00	6,074.00	11.00
01-60-6626 UNIFORMS	16,917	946.65	0.00	4,154.42	0.00	12,762.23	24.56
01-60-6627 SAFETY	40,635	6,005.08	0.00	26,933.93	0.00	13,701.07	66.28
01-60-6631 PIPELINE REPAIRS	262,500	0.00	0.00	56,063.39	0.00	206,436.61	21.36
01-60-6632 COR TESTING & MITIGATION	22,750	1,080.89	0.00	2,240.18	0.00	20,509.82	9.85
01-60-6633 REMOTE FACILITIES MAINTENANCE	114,567	6,209.62	0.00	17,244.31	0.00	97,322.34	15.05
01-60-6634 PLAN REVIEW- PIPELINE CONFLI	46,296	0.00	0.00	40,157.36	0.00	6,138.89	86.74
01-60-6637 PIPELINE SUPPLIES	48,913	325.40	0.00	54,880.02	0.00	5,967.52	112.20
01-60-6640 MACHINERY & EQUIP- NON CAP	10,063	0.00	0.00	0.00	0.00	10,062.50	0.00
01-60-6641 REPAIRS & MAINT- VEHICLES	23,042	1,500.85	0.00	6,997.62	0.00	16,044.03	30.37
01-60-6642 FUEL- VEHICLES	23,333	0.00	0.00	13,833.41	0.00	9,499.94	59.29
01-60-6643 LICENSES- VEHICLES	1,079	0.00	0.00	10.00	0.00	1,069.19	0.93
TOTAL WATER OPERATION	60,838,830	6,825,681.77	0.00	56,635,755.82	0.00	4,203,074.25	93.09
BOND INTEREST							
01-60-6722 BOND INTEREST- REV BONDS	424,000	55,325.02	0.00	407,434.97	0.00	16,565.03	96.09
01-60-6723 NOTE INTEREST - DEBT CERT.	116,667	0.00	0.00	26,860.48	0.00	89,806.17	23.02
01-60-6724 INTEREST EXPENSE	875	90.09	0.00	723.10	0.00	151.90	82.64
TOTAL BOND INTEREST	541,542	55,415.11	0.00	435,018.55	0.00	106,523.10	80.33
LAND & LAND RIGHTS							
01-60-6810 LEASES	583	0.00	0.00	0.00	0.00	583.31	0.00
01-60-6820 PERMITS & FEES	7,146	0.00	0.00	3,155.78	0.00	3,990.07	44.16
TOTAL LAND & LAND RIGHTS	7,729	0.00	0.00	3,155.78	0.00	4,573.38	40.83

DU PAGE WATER COMMISSION
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: NOVEMBER 30TH, 2014

01 -WATER FUND
 OPERATIONS

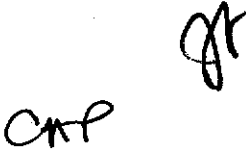
% OF YEAR COMPLETED: 58.33

DEPARTMENTAL EXPENDITURES	Y-T-D BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>CAPITAL EQUIP/DEPREC</u>							
01-60-6851 COMPUTERS	13,825	0.00	0.00	1,762.44	0.00	12,062.56	12.75
01-60-6920 DEPRECIATION- TRANS MAINS	2,662,917	378,977.26	0.00	2,652,840.79	0.00	10,075.86	99.62
01-60-6930 DEPRECIATION- BUILDINGS	1,516,667	214,441.63	0.00	1,501,091.35	0.00	15,575.30	98.97
01-60-6940 DEPRECIATION-PUMPING EQUIPMENT	530,833	62,410.54	0.00	436,873.86	0.00	93,959.49	82.30
01-60-6952 DEPRECIATION- OFFICE FURN &	57,750	7,150.25	0.00	50,265.84	0.00	7,484.16	87.04
01-60-6960 DEPRECIATION- VEHICLES	36,167	4,293.18	0.00	30,052.20	0.00	6,114.45	83.09
TOTAL CAPITAL EQUIP/DEPREC	4,818,158	667,272.86	0.00	4,672,886.48	0.00	145,271.82	96.98
<u>CONSTRUCTION IN PROGRESS</u>							
01-60-7112.01 DPC YORK MS-CONSTR	174,061	0.00	0.00	900.00	0.00	173,161.40	0.52
01-60-7216 ROOF REPLACEMENT	583,333	0.00	0.00	0.00	0.00	583,333.35	0.00
01-60-7217 PUBLIC MTG ROOM HVAC REPLACE	75,833	0.00	0.00	0.00	0.00	75,833.35	0.00
01-60-7218 RESERVOIR HATCH REPLACEMENT	58,333	1,212.95	0.00	12,197.42	0.00	46,135.93	20.91
01-60-7219 EFFLUENT VAULT STAIRS REPLACEM	37,917	808.30	0.00	8,036.84	0.00	29,879.81	21.20
01-60-7707.01 STANDPIPE PAINTING-CONSTR	1,114,167	0.00	0.00	11,385.00	0.00	1,102,781.65	1.02
01-60-7708.01 STANDPIPE MIXING SYSTEM-CONSTR	466,667	0.00	0.00	47,335.61	0.00	419,331.04	10.14
01-60-7710 VALVE REHAB & REPLACEMENT	175,000	0.00	0.00	0.00	0.00	175,000.00	0.00
01-60-7711 METER REPLACEMENT	43,750	0.00	0.00	0.00	0.00	43,750.00	0.00
01-60-7712 CONDITION ASSESSMENT	116,667	76,065.40	0.00	76,117.20	0.00	40,549.45	65.24
01-60-7980 CAPITALIZED FIXED ASSETS	(2,845,728)	(78,086.65)	0.00	(155,972.07)	0.00	(2,689,756.03)	5.48
TOTAL CONSTRUCTION IN PROGRESS	(0)	0.00	0.00	0.00	0.00	(0.05)	0.00
<u>CHGO CONSTR GRANT</u>							
<u>CONTINGENCY</u>							
<u>BOND PRINCIPAL</u>							
TOTAL OPERATIONS	69,761,933	7,914,847.58	0.00	64,703,879.04	0.00	5,058,053.68	92.75
TOTAL EXPENDITURES	69,761,933	7,914,847.58	0.00	64,703,879.04	0.00	5,058,053.68	92.75

*** END OF REPORT ***

DATE: December 10, 2014

REQUEST FOR BOARD ACTION

AGENDA SECTION	Finance Committee	ORIGINATING DEPARTMENT	General Manager's Office
ITEM	A Resolution Amending the Reserve Fund Policy of the DuPage Water Commission Resolution No. R-33-14	APPROVAL	
Account Nos.: N/A			
<p>Resolution No. R-33-14 would authorize the amendment of the DuPage Water Commission Reserve Fund Policy to create a new Capital Reserve Fund. It is the intent of the Resolution to maintain adequate reserves for ongoing needs, to minimize the need for new debt financing for future capital projects, and to maintain an affordable and stable rate structure. It is the intent of this Reserve Fund Policy to clearly identify both account and reserve fund categories and purposes, and set target levels.</p>			
MOTION: To adopt Resolution No. R-33-14.			

DUPAGE WATER COMMISSION

RESOLUTION NO. R-33-14

A RESOLUTION AMENDING THE RESERVE FUND POLICY FOR THE DuPAGE
WATER COMMISSION

WHEREAS, Resolution No. R-3-13 authorized and implemented a Reserve Fund Policy for the DuPage Water Commission on January 17, 2013; and

WHEREAS, it is prudent for the Commission to adopt policies to ensure its long term financial stability; and

WHEREAS, it is the intent of the Commission to maintain adequate reserves for ongoing needs and to maintain an affordable and stable rate structure; and

WHEREAS, it is fiscally responsible for the Commission to anticipate and prepare for future unanticipated emergency repairs or unforeseen expenses while maintaining a stable rate structure; and

WHEREAS, it is in the best interest of the Commission to fund future capital replacement while minimizing additional debt; and

WHEREAS, large capital outlays will be necessary in the future for replacement of portions of the water infrastructure as it comes to the end of its useful life; and

WHEREAS, it is the Commission's intent to adopt the amended Reserve Fund Policy to clearly identify both operating and capital reserve fund categories, purposes, and set target levels; a copy of the amended Reserve Fund Policy is attached hereto and is, by this reference, incorporated herein as Exhibit "A"; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are hereby incorporated herein and by this reference made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission as if fully set forth herein.

SECTION TWO: In addition to the Funds previously established, the Commission hereby establishes a Designated Reserve fund hereafter referred to as the "Capital Reserve Fund". Funds deposited in this Fund shall be used to provide a ready source of funds for repair, refurbishment or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the Commission and its programs. All investment earnings on the funds deposited into this Fund shall remain in this Fund. Only the Board of Commissioners is authorized to approve the expenditure of Capital Reserve Funds per the guidelines set forth in the attached Reserve Fund Policy and in accordance with approved budget authorizations. The Capital Reserve Fund will accumulate and maintain a minimum amount equal to the planned amounts required in the annually approved 5 Year Capital Improvement Plan. This account is expected to meet its minimum requirement prior to the loss of the sales tax revenues (June 1, 2016) that in the past funded the capital program.

SECTION THREE: All resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, expressly repealed.

SECTION FOUR: This Resolution shall be in full force and effect from and after its adoption.

Resolution No. R-33-14

AYES:

NAYS:

ABSENT:

ADOPTED this _____ day of _____, 2014.

Chairman

ATTEST:

Clerk

Board/Resolutions/2014/R-XX-14.docx

Exhibit "A"

DU PAGE WATER COMMISSION

RESERVE FUND POLICY

A. POLICY STATEMENT:

The DuPage Water Commission (the "Commission") recognizes the importance of adopted policies relative to cash accounts and reserve funds. Financial policies relative to designated reserve funds are a key element of prudent financial planning for both current operating and capital needs, as well as long-term capital planning. An additional critical element of fiscal responsibility is to anticipate and prepare for future funding requirements as well as for emergencies, rate stabilization and other unforeseen events. It is the intent of this Reserve Fund Policy to clearly identify both account and reserve fund categories and purposes, and set target levels.

B. DEFINITIONS:

Restricted Reserves: Restrictions on their use are imposed by an outside source such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Reserves: Have no externally imposed use restriction. The use of Unrestricted Reserves is at the discretion of the Board of Commissioners. There are two categories of Unrestricted Reserves – Designated and Undesignated.

Designated Reserves: Designated Reserves are set-aside for a specific purpose, which is determined by the Board of Commissioners. The Board of Commissioners also has the authority to redirect the use of these reserve funds as needs change for the Commission. Designated Reserves includes the Operating Reserve Fund, the Capital Reserve Fund and the Long-Term Water Capital Reserve Fund.

Revenues: means all income from whatever source derived from the operation of the System, including (a) all payments made under the Water Supply Contract; (b) all receipts from the sale of water or contract payments under contracts for the sale of water (other than the Water Supply Contract); (c) Investment Earnings (except as otherwise allocable hereunder); (d) connection, permit and inspection fees and the like; (e) penalties and delinquency charges; (f) capital development, reimbursement, or recovery charges and the like; **but excluding expressly:** (i) non-recurring income from the sale of real estate; (ii) governmental or other grants or fund transfers; (iii) collections of insurance awards or condemnation proceeds (which shall be credited and disbursed as hereinafter specifically provided) and (iv) sales tax revenues.

Water Fund: means the special fund established by the Commission and continued in Ordinance No. O-15-12 (the "Bond Ordinance").

C. ACCOUNTS AND RESERVE FUNDS:

The Board of Commissioners hereby establishes and designates the following accounts and reserve funds:

- a. Operating and Maintenance Account of the Water Fund

- b. Interest Account of the Water Fund
- c. Principal Account of the Water Fund
- d. General Account of the Water Fund
- e. Operating Reserve Fund
- f. Capital Reserve Fund
- g. Long-Term Water Capital Reserve Fund

D. OPERATING AND MAINTENANCE ACCOUNT:

The Operation and Maintenance Account should maintain at all times a balance in an amount sufficient to pay operation and maintenance costs. Operation and maintenance costs means all costs of operating, maintaining and routine repairing of the Commission's system, including, but not limited to, wages, salaries, costs of material and supplies, power, fuel, insurance, purchase or treatment of water, all payments under the Chicago Contract, taxes, bond or debt related fees, counsel fees, contract services for operation of the System or advice related thereto, audit or accounting expenses, expenses of billing and making collections, studies for rate determinations and provision for loss in collection; but do not include for any period amounts required to be deposited in such period to the Interest Account or the Principal Account.

Sources of income for this account would include the Commission's Revenues, sales tax revenues and transfers from the General Account when deemed necessary by the Commission's General Manager or Financial Administrator. The maximum amount allowed in this account would be the greater of \$25,000,000 or 150% of the maximum seasonally adjusted budgeted monthly operation and maintenance costs for the then current fiscal year per the Bond Ordinance.

All monies in said Account shall be used solely to pay Operation and Maintenance Costs.

E. INTEREST ACCOUNT:

The amounts credited to the Interest Account should account for current interest due on outstanding bonds payable to the BMO Harris Bank, N.A. or any future bond purchasers. All monies to the credit of said Interest Account shall be used solely to pay interest on outstanding bonds.

Sources of income for this account would include the Commission's Revenues and transfers when needed from the General Account. This account would not have a balance of greater than two months interest payments due.

F. PRINCIPAL ACCOUNT:

The amounts credited to the Principal Account should account for the current principal requirement due on outstanding bonds payable to the BMO Harris Bank, N.A. or any future bond purchasers. All monies to the credit of the Principal Account shall be used solely to pay principal on outstanding bonds.

Sources of income for this account would include the Commission's Revenues and transfers when needed from the General Account. This account would not have a balance of greater than two months principal payments due.

G. GENERAL ACCOUNT:

All monies remaining in the Water Fund after meeting the requirements of the Operating and Maintenance Account, Interest Account and Principal Account are to be credited to the General Account. The balances in this account shall first be used in the order of priority set forth below:

- A. Such amount as may be necessary shall be transferred to the Rebate Fund established in the Bond Ordinance.
- B. Such amount as may be necessary shall be used to make up any deficiencies occurring at any time in the Accounts of the Fund having a prior lien on the Revenues.
- C. The balance of the funds of the General Account shall be used for one or more of the following purposes, without any priority among them.
 1. For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the Commission's system;
 2. For the purpose of calling and redeeming outstanding bonds which are callable at the time;
 3. For the purpose of paying principal and interest and applicable premium on any other debt outstanding;
 4. Fund or maintain the Operating Reserve Fund, Capital Reserve Fund and Long-Term Water Capital Reserve Fund
 5. For the purpose of reducing charges to or payments due from the Contract Customers;
 6. For any other lawful corporate purpose related to the Commission's systems.

H. OPERATING RESERVE FUND:

The purpose of the designated Operating Reserve Fund is to cover rate stabilization, emergencies and unscheduled costs relating to the operation of the Commission's water system. Some examples include, but not limited to, unforeseen repairs, unexpected increases in treatment costs, natural disasters, terrorist attacks, unexpected increases in water bills, regulatory changes, unforeseen legal expenses, and disruption of a source of supply. All investment earnings shall remain in this account. The target balance for this Reserve shall be set at 120 days of the current fiscal year management budget expense total less depreciation. The targeted amount should be met by the end of the fiscal year. If for one of the reasons listed above the balance falls below the targeted amount during a fiscal year, the Board of Commissioners would need to make financial decisions or implement water rate increases to replenish and meet the targeted levels within 2 to 3 years. Only the Board of Commissioners is authorized to approve the expenditure of Operating Reserve Funds in accordance with approved budget authorizations. Funds from this Reserve shall be used exclusively for operating expenses of the water system, unless otherwise authorized by the Board of Commissioners.

I. CAPITAL RESERVE FUND:

The Purpose of the designated Capital Reserve Fund is intended to provide a ready source of funds for repair, refurbishment or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the Commission and its programs. The Commission prepares a multi-year capital plan as part of the annual budget process. The plan highlights projects that may require major expenditures and/or more than one year to

complete. The Capital Reserve Fund will accumulate and maintain a minimum amount equal to the planned amounts required in the annually approved 5 Year Capital Improvement Plan. This account is expected to meet its minimum requirement prior to the loss of the sales tax revenues (June 1, 2016) that in the past funded the capital program.

Monies transferred into the Capital Reserve Fund are anticipated to help minimize the Commission's need for long-term borrowing and reduce delays in initiating projects that may have been scheduled over multiple fiscal years. The funds shall be primarily expended for planned and/or needed capital improvements or equipment. All investment earnings shall remain in this account. Only the Board of Commissioners is authorized to approve the expenditure of Capital Reserve Funds in accordance with approved budget authorizations.

J. LONG-TERM WATER CAPITAL RESERVE FUND:

The Purpose of the designated Long-Term Water Capital Reserve Fund is to accumulate sufficient reserve funds for the future that are necessary to insure timely acquisition, replacement and upgrade of the Commission's water system infrastructure. Monies transferred into the Long-Term Water Capital Reserve Fund shall be expended solely for the construction of new and/or replacement water system infrastructure. All investment earnings shall remain in this account. Only the Board of Commissioners is authorized to approve the expenditure of Long-Term Water Capital Reserve Funds per the guidelines set forth below and in accordance with approved budget authorizations. The targeted monthly amount should be based upon anticipated costs related to long-term capital spending or monthly depreciation expense but no less than \$175,000 per month or \$2.1 million per year transferred from the General Account. An initial deposit of \$1,000,000 would be made in February 2013.

The Guidelines for using funds within the Long-Term Water Capital Reserve Fund:

- Major construction, acquisition, or renovation activities that add value to the Commission's physical assets or significantly increase their useful life. Some examples include:
 - Renovation and construction projects pertaining to new Commission buildings or treatment facilities,
 - Replacements or enhancements of water distribution systems.

DU PAGE WATER COMMISSION

RESERVE FUND POLICY

A. POLICY STATEMENT:

The DuPage Water Commission (the "Commission") recognizes the importance of adopted policies relative to cash accounts and reserve funds. Financial policies relative to designated reserve funds are a key element of prudent financial planning for both current operating and capital needs, as well as long-term capital planning. An additional critical element of fiscal responsibility is to anticipate and prepare for future funding requirements as well as for emergencies, rate stabilization and other unforeseen events. It is the intent of this Reserve Fund Policy to clearly identify both account and reserve fund categories and purposes, and set target levels.

B. DEFINITIONS:

Restricted Reserves: Restrictions on their use are imposed by an outside source such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Reserves: Have no externally imposed use restriction. The use of Unrestricted Reserves is at the discretion of the Board of Commissioners. There are two categories of Unrestricted Reserves – Designated and Undesignated.

Designated Reserves: Designated Reserves are set-aside for a specific purpose, which is ~~determined~~ determined by the Board of Commissioners. The Board of Commissioners also has the authority to redirect the use of these reserve funds as needs change for the Commission.

~~This~~ Designated Reserves includes the Operating Reserve Fund, the Capital Reserve Fund and the Long-Term Water Capital Reserve Fund.

Revenues ~~(Excludes Sales Tax)~~ +: means all income from whatever source derived from the operation of the System, including (a) all payments made under the Water Supply Contract; (b) all receipts from the sale of water or contract payments under contracts for the sale of water (other than the Water Supply Contract); (c) Investment Earnings (except as otherwise allocable hereunder); (d) connection, permit and inspection fees and the like; (e) penalties and delinquency charges; (f) capital development, reimbursement, or recovery charges and the like; **but excluding expressly:** (i) non-recurring income from the sale of real estate; (ii) governmental or other grants or fund transfers; ~~and~~ (iii) collections of insurance awards or condemnation proceeds (which shall be credited and disbursed as hereinafter specifically provided) ~~and~~ and (iv) sales tax revenues.

Water Fund: means the special fund established by the Commission and continued in Ordinance No. O-15-12 (the "Bond Ordinance").

C. ACCOUNTS AND RESERVE FUNDS:

The Board of Commissioners hereby establishes and designates the following accounts and reserve funds:

- a. Operating and Maintenance Account of the Water Fund
- b. Interest Account of the Water Fund

- c. Principal Account of the Water Fund
- d. General Account of the Water Fund
- e. Operating Reserve Fund
- e.f. Capital Reserve Fund
- f.g. Long-Term Water Capital Reserve Fund

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D. OPERATING AND MAINTENANCE ACCOUNT:

The Operation and Maintenance Account should maintain at all times a balance in an amount sufficient to pay operation and maintenance costs. Operation and maintenance costs means all costs of operating, maintaining and routine repairing of the Commission's system, including, but not limited to, wages, salaries, costs of material and supplies, power, fuel, insurance, purchase or treatment of water, all payments under the Chicago Contract, taxes, bond or debt related fees, counsel fees, contract services for operation of the System or advice related thereto, audit or accounting expenses, expenses of billing and making collections, studies for rate determinations and provision for loss in collection; but do not include for any period amounts required to be deposited in such period to the Interest Account or the Principal Account.

Sources of income for this account would include the Commission's Revenues, sales tax revenues and transfers from the General Account when deemed necessary by the Commission's General Manager or Financial Administrator. The maximum amount allowed in this account would be the greater of \$25,000,000 or 150% of the maximum seasonally adjusted budgeted monthly operation and maintenance costs for the then current fiscal year per the Bond Ordinance No. O-15-12.

All moneys monies in said Account shall be used solely to pay Operation and Maintenance Costs.

E. INTEREST ACCOUNT:

The amounts credited to the Interest Account should account for current interest due on outstanding bonds payable to the BMO Harris Bank, N.A. or any future bond purchasers. All moneys monies to the credit of said Interest Account shall be used solely to pay interest on outstanding bonds.

Sources of income for this account would include the Commission's Revenues and transfers when needed from the General Account. This account would not have a balance of greater than two months interest payments due.

F. PRINCIPAL ACCOUNT:

The amounts credited to the Principal Account should account for the current principal requirement due on outstanding bonds payable to the BMO Harris Bank, N.A. or any future bond purchasers. All moneys monies to the credit of the Principal Account shall be used solely to pay principal on outstanding bonds.

Sources of income for this account would include the Commission's Revenues and transfers when needed from the General Account. This account would not have a balance of greater than two months principal payments due.

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G. GENERAL ACCOUNT:

All ~~moneys monies~~ remaining ~~from Revenues and sales tax revenues in the Water Fund~~ after meeting the requirements of the Operating and Maintenance Account, Interest Account and Principal Account are to be credited to the General Account. The balances in this account ~~may be then used to fund amounts required to be deposited into the Operating Reserve Fund and the Long Term Water Capital Reserve Fund. This account should also provide additional liquidity needed for future months operating or capital requirements as deemed necessary by the Commission's General Manager or Financial Administrator. In addition, the Board of Commissioners could use funds within this account to:~~ shall first be used in the order of priority set forth below:

AA. Such amount as may be necessary shall be transferred to the Rebate Fund established in the Bond Ordinance.

B. Such amount as may be necessary shall be used to make up any deficiencies occurring at any time in the Accounts of the Fund having a prior lien on the Revenues.

BC. The balance of the funds of the General Account shall be used for one or more of the following purposes, without any priority among them.

1. For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the Commission's ~~system~~ system;
2. For the purpose of calling and redeeming outstanding bonds which are callable at the time;
3. For the purpose of paying principal and interest and applicable premium on any other debt outstanding;
4. Fund or maintain the Operating Reserve Fund, Capital Reserve Fund and Long-Term Water Capital Reserve Fund
5. For the purpose of reducing charges to or payments due from the Contract Customers;
6. For any other lawful corporate purpose related to the Commission's systems.

H. OPERATING RESERVE FUND:

The purpose of the designated Operating Reserve Fund is to cover rate stabilization, emergencies and unscheduled costs relating to the operation of the Commission's water system. Some examples include, but not limited to, unforeseen repairs, unexpected increases in treatment costs, natural disasters, terrorist attacks, unexpected increases in water bills, regulatory changes, unforeseen legal expenses, and disruption of a source of supply. All investment earnings shall remain in this account. The target balance for this Reserve shall be set at 120 days of the current fiscal year management budget expense total less depreciation. The targeted amount should be met by the end of the fiscal year. If for one of the reasons listed above the balance falls below the targeted amount during a fiscal year, the Board of Commissioners would need to make financial decisions or implement water rate increases to replenish and meet the targeted levels within 2 to 3 years. Only the Board of Commissioners is authorized to approve the expenditure of Operating Reserve Funds in accordance with approved

budget authorizations. Funds from this Reserve shall be used exclusively for operating expenses of the water system, unless otherwise authorized by the Board of Commissioners.

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I. CAPITAL RESERVE FUND:

The Purpose of the designated Capital Reserve Fund is intended to provide a ready source of funds for repair, refurbishment or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the Commission and its programs. The Commission prepares a multi-year capital plan as part of the annual budget process. The plan highlights projects that may require major expenditures and/or more than one year to complete. The Capital Reserve Fund will accumulate and maintain a minimum amount equal to the planned amounts required in the annually approved 5 Year Capital Improvement Plan. This account is expected to meet its minimum requirement prior to the loss of the sales tax revenues (June 1, 2016) that in the past funded the capital program.

Monies transferred into the Capital Reserve Fund are anticipated to help minimize the Commission's need for long-term borrowing and reduce delays in initiating projects that may have been scheduled over multiple fiscal years. The funds shall be primarily expended for planned and/or needed capital improvements or equipment. All investment earnings shall remain in this account. Only the Board of Commissioners is authorized to approve the expenditure of Capital Reserve Funds in accordance with approved budget authorizations.

I.J. LONG-TERM WATER CAPITAL RESERVE FUND:

The Purpose of the designated Long-Term Water Capital Reserve Fund is to accumulate sufficient reserve funds for the future that are necessary to insure timely acquisition, replacement and upgrade of the Commission's water system infrastructure ~~and capital assets~~. Monies transferred into the Long-Term Water Capital Reserve Fund shall be expended solely for the construction of new and/or replacement water system infrastructure ~~and capital assets~~. All investment earnings shall remain in this account. Only the Board of Commissioners is authorized to approve the expenditure of Long-Term Water Capital Reserve Funds per the guidelines set forth below and in accordance with approved budget authorizations. The targeted monthly amount should be based upon anticipated costs related to long-term capital spending or monthly depreciation expense but no less than \$175,000 per month or \$2.1 million per year transferred from the General Account. An initial deposit of \$1,000,000 would be made in February 2013.

The Guidelines for using funds within the Long-Term Water Capital Reserve Fund:



- Major construction, acquisition, or renovation activities that add value to the Commission's physical assets or significantly increase their useful life. Some examples include:
 - Renovation and construction projects pertaining to new Commission buildings or treatment facilities,
 - Replacements or enhancements of water distribution systems.

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DATE: December 10, 2014

REQUEST FOR BOARD ACTION

AGENDA SECTION	Finance Committee	ORIGINATING DEPARTMENT	General Manager's Office
ITEM	A Resolution Amending the Investment Policy of the DuPage Water Commission Resolution No. R-34-14	APPROVAL	 
<p>The Commission's Investment Policy was last updated in January 2013 in order to include new accounts set up under the new reserve policy. Resolution No. R-34-14 would slightly amend the Commission's Investment Policy primarily based upon revisions to the Commission's reserve policy and the closure of previously required reserve accounts.</p>			
MOTION: To adopt Resolution No. R-34-14.			

DUPAGE WATER COMMISSION

RESOLUTION NO. R-34-14

A RESOLUTION AMENDING AND RESTATING
THE INVESTMENT POLICY OF THE DUPAGE WATER COMMISSION

WHEREAS, Resolution No. R-4-13 amended and restated the Investment Policy of the DuPage Water Commission on January 17, 2013 (the "Investment Policy"); and

WHEREAS, the Board of Commissioners of the DuPage Water Commission has determined that it is reasonable, necessary, and desirable, and in the best interest of the Commission, to further amend and update the Investment Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: Recitals. The foregoing recitals are incorporated herein and made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: Adoption. The Investment Policy of the DuPage Water Commission shall be and is hereby amended and restated so that said Investment Policy shall hereafter be and read as set forth in Exhibit 1 attached hereto and by this reference incorporated herein and made a part hereof.

SECTION THREE: Repealer. All resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, expressly repealed.

SECTION FOUR: Effective Date. This Resolution shall be in full force and effect from and after its adoption.

Resolution No. R-34-14

AYES:

NAYS:

ABSENT:

ADOPTED this _____ day of _____, 2014.

Chairman

ATTEST:

Clerk

Board/Resolutions/2014/R-34-14.docx

DuPage Water Commission

Investment Policy

December 18, 2014

INVESTMENT POLICY

This policy authorizes the Commission to invest funds in certain authorized classes of securities. All persons from the Commission involved in the investment of public funds are to comply with the provisions relating to the deposit and investment of public funds. The purpose of this Statement of Investment Policy and Guidelines (this "Policy") is to establish cash management and investment guidelines for the Commission. This Policy has been prepared in accordance with the Public Funds Investment Act (30 ILCS 235), Exhibit A.

1.0 POLICY

The Commission is responsible for the management of daily receipt and investment of cash and related accounting operations. The Treasurer is the Chief Investment Officer of the Commission and investments may be directed by the Treasurer, General Manager, Office designees, or outside professional fund managers, in accordance with this Policy.

It is the policy of the Commission to invest all funds under the control in a manner that provides the highest investment return using authorized instruments while meeting the Commission's daily cash flow demands in conformance with this policy, its objectives, applicable ordinances and laws.

2.0 SCOPE OF POLICY:

This Policy applies to all investments held within and made on behalf of the Commission.

3.0 OBJECTIVES:

The primary objective in the investment of funds under control of the Commission is to ensure the safety of principal, while managing liquidity requirements of debt service and other financial obligations of the Commission, and providing the highest investment return using authorized investment instruments.

3.1 **Safety.**

The safety of principal is the foremost objective of the investment program. Commission investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Commission prudently manages market, interest rate and credit risk. Each investment purchase shall be limited to those defined as eligible under this Policy.

3.2 **Liquidity.**

The investment portfolio shall remain sufficiently liquid to enable the Commission to meet all operating requirements that might be reasonably anticipated. Unless otherwise authorized by the Board, all investments shall be fully payable as to principal and interest within five years from the date of purchase. The only exception will be in regards to investments within the Long-Term Water Capital Reserve Fund which may include investments that shall be fully payable as to principal and interest within ten years from the date of purchase due to the longstanding nature of the reserve fund; provided, however, that such investments shall have a maximum five-year weighted average maturity.

3.3 **Return on Investments.**

The investment portfolio shall be designed to obtain the highest available return, taking into account the Commission's investment risk constraints and cash flow needs. The Commission shall seek to obtain the highest available return using authorized investments.

4.0 STANDARD OF CARE:

To accomplish the objectives of the Commission, all authorized persons engaged in the investment process will perform their duties responsibly in accordance with the following standard:

“Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the Commission, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of investing funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Commission.”

The standard of care to be used by the Commission shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Those involved in investing shall: (i) act in accordance with written procedures and this Policy, (ii) exercise due diligence, (iii) prepare all reports in a timely fashion and (iv) exercise appropriate action to control adverse developments.

5.0 OPERATIONAL GUIDELINES:

5.1 Particular Fund Investments:

The Commission requires that any investments of a particular restricted account be credited to that account. Principal and interest shall be credited to the particular restricted account so invested. Any two of the following four officials, 1) General Manager, 2) Treasurer, 3) Finance Committee Chairman, and 4) Commission Chairman, may transfer ownership of any security purchased with monies of a particular restricted account to another restricted or unrestricted account of the Commission. The particular restricted account originally invested shall be credited with the amount of the principal and accrued interest up to the date of the transfer of ownership of such security from that particular restricted account to the other restricted/unrestricted account.

5.2 Competitive Bidding:

At least three (3) competitive bids are to be solicited on most investment transactions made by the Commission. Bids/quotes and markups or discounts need to be consistent with prevailing institutional trades at the time of each transaction and are to be compared to market quotations for the same type and maturity investment. In certain emergency circumstances, the Commission may solicit less than three (3) competitive bids. The guiding principle with choosing any bid for any investment transaction made by the Commission is the quality of the bid and the assurance that the bidder can complete the investment transaction.

5.3 Selection of Investment Advisors and Money Managers:

The services of investment advisors and money managers shall only be employed after the solicitation of at least three written quotations and, as required by the Commission's By-Laws, as amended, approved by the Board of Commissioners pursuant to the majority affirmative vote of all of the Commissioners, including the votes of at least 1/3 of the Commissioners appointed by the Chairman of the DuPage County Board and at least 40% of the Commissioners appointed by the groups of mayors as provided in the Water Commission Act of 1985, 70 ILCS 3720/0.001 et seq.

6.0 ETHICS AND CONFLICT OF INTEREST:

It is the policy of the Commission that no person acting on behalf of the investment function shall, in any manner, have any interest, either directly or indirectly in, or receive in any manner compensation from, any investments in which the Commission is authorized to invest; or have any interest, either directly or indirectly in, or receive, in any manner, compensation of any kind from, the

sellers, sponsors or managers of such investments. Officers and other staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED INVESTMENTS:

The Board has authorized the following types of investments subject to the provisions of the Public Funds Investment Act (30 ILCS 235) and other applicable law:

The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed as to the payment of principal and interest by the full faith and credit of the United States of America.

Maximum Aggregate Position No Limit

- b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies and its instrumentalities.

Maximum Aggregate Position No Limit

- c. Interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the deposits of which are insured by the Federal Deposit Insurance Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position 50% of total portfolio

- d. Short-term obligations of corporations (Commercial Paper) organized in the United States of America with assets exceeding \$500,000,000; obligations must be rated at the time of purchase A1/P1 or better by Standard & Poor's and Moody's, respectively, and must mature not later than 210 days from the date of purchase; the Board's investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation's outstanding obligations.

Maximum Position with Single Issuer 5% of total portfolio
Maximum Aggregate Position 33% of total portfolio

- e. Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended; the portfolio of any such money market fund must be limited to obligations specified in subsection [a] or [b] of this section and to agreements to repurchase such obligations. All underlying securities of the fund must mature within twelve months or less, and the fund must maintain a weighted average portfolio maturity of 90 days or less. Prospectuses must be on file, reviewed, and approved before investing.

Maximum Aggregate Position No Limit

- f. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of any state or of the United States of America, the shares or investment certificates of which are insured by the Federal Deposit Insurance

Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position 50% of total portfolio

- g.* Dividend-bearing share accounts, share certificate accounts, or other such class of share accounts of a credit union chartered under the laws of the State of Illinois or of the United States of America, provided that deposits are insured by applicable law and that the credit union's principal office is located within the State of Illinois. Any such investments made in excess of such deposit insurance, shall be secured as provided in Section 10.0

Maximum Aggregate Position 25% of total portfolio

- h.* Subject to the limitation of Section 12 of the Local Government Debt Reform Act, 30 ILCS 350/12, interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, if the interest earned thereon is tax-exempt under federal law. The bonds shall be registered in the name of the Commission or held under a custodial agreement at a bank. The bonds shall be rated at least A- by Standard and Poor's or A3 by Moody's at the time of purchase.

Maximum Aggregate Position 25% of total portfolio

- i.* Any other suitable investment instrument permitted by applicable state laws governing public investments subject to the reasonable exercise of prudence in making investments of public fund.

8.0 REVENUE BOND ORDINANCES:

The provisions and restrictions of the 2013 Revenue Bond Ordinance regarding permitted investments must be observed.

9.0 INVESTMENT RESTRICTIONS:

The Commission will not utilize investment of leveraged transactions, financial forwards, futures, hedged investments, index amortizing notes, dual index notes, de-leveraged bonds, range bonds, inverse floaters, and any other financial derivative. The Commission is not authorized, without the approval of the Board, to (i) invest in financial agreements whose returns are linked to or derived from the performance of some underlying asset such as bonds, currencies or commodities products, or (ii) borrow against or otherwise obligate Commission investments. No investment maturity can be longer than 5 years except as otherwise authorized by the Board per Section 3.2.

10.0 COLLATERALIZATION:

In order to protect the Commission's deposits, depository institutions are to maintain collateral pledges on Commission certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated insurers. Collateral is required as security for any amount in excess of the federal deposit insurance limit. The collateral required to secure Commission funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the Treasurer or General Manager. However, substitutions may be made without prior approval from the Commission provided: security types are of the type allowed for

collateralization in the Policy, the market value of the securities to be substituted is at least equal to the amount withdrawn; notification is given to the Treasurer or General Manager; and the custodian has not received any prior notification from the Treasurer or General Manager prohibiting substitution. Repurchase agreements must also be collateralized in an amount of 102% of market value of principal and accrued interest.

The final maturity of acceptable collateral pledged shall not exceed 60 months. Collateral pledged for repurchase agreements shall be marked to market at least weekly during the term of the agreement. Additional collateral will be required when the ratio falls below the level required.

11.0 SAFEKEEPING AND CUSTODY:

All securities and collateral will be held by a third party custodian designated by the Commission and evidenced by safekeeping receipts. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

12.0 DIVERSIFICATION:

A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions.

13.0 INTERNAL CONTROLS:

The Commission, shall maintain a system of internal controls and written operational procedures that shall be documented. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by authorized investment officers.

In addition, the Commission has established a system of internal controls to ensure that staff positions and functional duties are adequately segregated for separation of duties between the investment and accounting operations.

These controls shall be tested and reviewed periodically by external auditors during the audit.

14.0 PERFORMANCE EVALUATION:

The Commission will utilize the following benchmarks as appropriate to determine whether market average yields are being achieved:

Account	Benchmark
General Account	BoA/Merrill Lynch 3-Month U.S. Treasury Bill Index
Sales Tax	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Operating Reserve Fund	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
Capital Reserve Fund	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Long-Term Water Capital Reserve Fund	BoA/Merrill Lynch 1 – 10 Year U.S. Treasury Index

For all other funds (i.e., the Interest and Principal accounts), the rate of return should equal or exceed the rate of return on Treasury securities of like maturities and like purchase dates.

15.0 REPORTING:

The Commission shall record all investment transactions. A written report will be generated monthly for internal purposes listing all active investments by class or type, maturity of investments, book value, interest rate, income earned, including the fair market value of all investments as of the report date and other pertinent information deemed necessary. This report will be submitted to the General Manager of the Commission for distribution to the Board no less than on a quarterly basis pursuant to the Public Funds Investment Act.

16.0 POLICY ADOPTION AND AMENDMENT:

This Policy shall be adopted by a resolution of the Board. This Policy may be reviewed from time to time and amended upon approval of the Board.

Exhibit A

FINANCE

(30 ILCS 235/) Public Funds Investment Act.

(30 ILCS 235/0.01) (from Ch. 85, par. 900)

Sec. 0.01. Short title. This Act may be cited as the Public Funds Investment Act.

(Source: P.A. 86-1324.)

(30 ILCS 235/1) (from Ch. 85, par. 901)

Sec. 1. The words "public funds", as used in this Act, mean current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any public agency.

The words "public agency", as used in this Act, mean the State of Illinois, the various counties, townships, cities, towns, villages, school districts, educational service regions, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, the Illinois Bank Examiners' Education Foundation, the Chicago Park District, and all other political corporations or subdivisions of the State of Illinois, now or hereafter created, whether herein specifically mentioned or not. This Act does not apply to the Illinois Prepaid Tuition Trust Fund, private funds collected by the Illinois Conservation Foundation, or pension funds or retirement systems established under the Illinois Pension Code, except as otherwise provided in that Code.

The words "governmental unit", as used in this Act, have the same meaning as in the Local Government Debt Reform Act.

(Source: P.A. 98-297, eff. 1-1-14.)

(30 ILCS 235/2) (from Ch. 85, par. 902)

Sec. 2. Authorized investments.

(a) Any public agency may invest any public funds as follows:

(1) in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) in bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;

(3) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

(4) in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or

(5) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

(a-1) In addition to any other investments authorized under this Act, a municipality, park district, forest preserve district, conservation district, county, or other governmental unit may invest its public funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality, park district, forest preserve district, conservation district, county, or other governmental unit, or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

(b) Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. Any public agency may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

(c) For purposes of this Section, the term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

(d) Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code or under Section 3.2 of the Public Officer Prohibited Practices Act, no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

(1) have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.

(2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.

(3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

(e) Any public agency may also invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

(f) To the extent a public agency has custody of funds not owned by it or

another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

(g) A public agency may purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

(h) Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, as now or hereafter amended or succeeded, no public agency may purchase or invest in instruments which constitute repurchase agreements, and no financial institution may enter into such an agreement with or on behalf of any public agency unless the instrument and the transaction meet the following requirements:

(1) The securities, unless registered or inscribed in the name of the public agency, are purchased through banks or trust companies authorized to do business in the State of Illinois.

(2) An authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution. The "custodial bank" is the bank or trust company, or agency of government, which acts for the public agency in connection with repurchase agreements involving the investment of funds by the public agency. The State Treasurer may act as custodial bank for public agencies executing repurchase agreements. To the extent the Treasurer acts in this capacity, he is hereby authorized to pass through to such public agencies any charges assessed by the Federal Reserve Bank.

(3) A custodial bank must be a member bank of the Federal Reserve System or maintain accounts with member banks. All transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System. These securities must be credited to the public agency on the records of the custodial bank and the transaction must be confirmed in writing to the public agency by the custodial bank.

(4) Trading partners shall be limited to banks or trust companies authorized to do business in the State of Illinois or to registered primary reporting dealers.

(5) The security interest must be perfected.

(6) The public agency enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller.

(7) Agreements shall be for periods of 330 days or less.

(8) The authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement.

(9) The custodial bank must take delivery of and maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency. The Custodial Undertaking shall provide that the custodian takes possession of the securities exclusively for the public agency; that the securities

are free of any claims against the trading partner; and any claims by the custodian are subordinate to the public agency's claims to rights to those securities.

(10) The obligations purchased by a public agency may only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of the public agency or officer authorized to make such investments.

(11) The custodial bank shall be liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take and maintain possession of such securities.

(i) Notwithstanding the foregoing restrictions on investment in instruments constituting repurchase agreements the Illinois Housing Development Authority may invest in, and any financial institution with capital of at least \$250,000,000 may act as custodian for, instruments that constitute repurchase agreements, provided that the Illinois Housing Development Authority, in making each such investment, complies with the safety and soundness guidelines for engaging in repurchase transactions applicable to federally insured banks, savings banks, savings and loan associations or other depository institutions as set forth in the Federal Financial Institutions Examination Council Policy Statement Regarding Repurchase Agreements and any regulations issued, or which may be issued by the supervisory federal authority pertaining thereto and any amendments thereto; provided further that the securities shall be either (i) direct general obligations of, or obligations the payment of the principal of and/or interest on which are unconditionally guaranteed by, the United States of America or (ii) any obligations of any agency, corporation or subsidiary thereof controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States and provided further that the security interest must be perfected by either the Illinois Housing Development Authority, its custodian or its agent receiving possession of the securities either physically or transferred through a nationally recognized book entry system.

(j) In addition to all other investments authorized under this Section, a community college district may invest public funds in any mutual funds that invest primarily in corporate investment grade or global government short term bonds. Purchases of mutual funds that invest primarily in global government short term bonds shall be limited to funds with assets of at least \$100 million and that are rated at the time of purchase as one of the 10 highest classifications established by a recognized rating service. The investments shall be subject to approval by the local community college board of trustees. Each community college board of trustees shall develop a policy regarding the percentage of the college's investment portfolio that can be invested in such funds.

Nothing in this Section shall be construed to authorize an intergovernmental risk management entity to accept the deposit of public funds except for risk management purposes.

(Source: P.A. 97-129, eff. 7-14-11; 98-297, eff. 1-1-14; 98-390, eff. 8-16-13; 98-756, eff. 7-16-14.)

(30 ILCS 235/2.5)

Sec. 2.5. Investment policy.

(a) Investment of public funds by a public agency shall be governed by a written investment policy adopted by the public agency. The level of detail and complexity of the investment policy shall be appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio. The policy shall address safety of principal, liquidity of funds, and return on investment and shall require that the investment portfolio be structured in such manner as to provide

sufficient liquidity to pay obligations as they come due. In addition, the investment policy shall include or address the following:

- (1) a listing of authorized investments;
- (2) a rule, such as the "prudent person rule", establishing the standard of care that must be maintained by the persons investing the public funds;
- (3) investment guidelines that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (4) a policy regarding diversification of the investment portfolio that is appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (5) guidelines regarding collateral requirements, if any, for the deposit of public funds in a financial institution made pursuant to this Act, and, if applicable, guidelines for contractual arrangements for the custody and safekeeping of that collateral;
- (6) a policy regarding the establishment of a system of internal controls and written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the entity;
- (7) identification of the chief investment officer who is responsible for establishing the internal controls and written procedures for the operation of the investment program;
- (8) performance measures that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (9) a policy regarding appropriate periodic review of the investment portfolio, its effectiveness in meeting the public agency's needs for safety, liquidity, rate of return, and diversification, and its general performance;
- (10) a policy establishing at least quarterly written reports of investment activities by the public agency's chief financial officer for submission to the governing body and chief executive officer of the public agency. The reports shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date;
- (11) a policy regarding the selection of investment advisors, money managers, and financial institutions; and
- (12) a policy regarding ethics and conflicts of interest.

(b) For purposes of the State or a county, the investment policy shall be adopted by the elected treasurer and presented to the chief executive officer and the governing body. For purposes of any other public agency, the investment policy shall be adopted by the governing body of the public agency.

(c) The investment policy shall be made available to the public at the main administrative office of the public agency.

(d) The written investment policy required under this Section shall be developed and implemented by January 1, 2000.

(Source: P.A. 90-688, eff. 7-31-98.)

(30 ILCS 235/2.10)

Sec. 2.10. Unit of local government; deposit at reduced rate of interest. The treasurer of a unit of local government may, in his or her discretion, deposit public moneys of that unit of local government in a financial institution pursuant to an agreement that provides for a reduced rate of interest, provided that the institution agrees to expend an amount of money equal to the amount of the reduction for senior centers.

(Source: P.A. 93-246, eff. 7-22-03.)

(30 ILCS 235/3) (from Ch. 85, par. 903)

Sec. 3. If any securities, purchased under authority of Section 2 hereof, are issuable to a designated payee or to the order of a designated payee, then the public agency shall be so designated, and further, if such securities are purchased with money taken from a particular fund of a public agency, the name of such fund shall be added to that of such public agency. If any such securities are registerable, either as to principal or interest, or both, then such securities shall be so registered in the name of the public agency, and in the name of the fund to which they are to be credited. (Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/4) (from Ch. 85, par. 904)

Sec. 4. All securities purchased under the authority of this Act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon his or their official bond or bonds for the safekeeping of all such securities. Any securities purchased by any such public agency under authority of this Act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. Except as provided in Section 4.1 of "An Act in relation to State finance", all payments received as principal or interest, or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

(Source: P.A. 84-1378.)

(30 ILCS 235/5) (from Ch. 85, par. 905)

Sec. 5. This Act, without reference to any other statute, shall be deemed full and complete authority for the investment of public funds, as hereinabove provided, and shall be construed as an additional and alternative method therefor.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/6) (from Ch. 85, par. 906)

Sec. 6. Report of financial institutions.

(a) No bank shall receive any public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last two sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency; provided, that if such funds or moneys are deposited in a bank, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any bank in excess of such limitation.

(b) No savings bank or savings and loan association shall receive public funds unless it has furnished the corporate authorities of a public agency

submitting a deposit with copies of the last 2 sworn statements of resources and liabilities which the savings bank or savings and loan association is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation. Each savings bank or savings and loan association designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation; provided, that if such funds or moneys are deposited in a savings bank or savings and loan association, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the net worth of such savings bank or savings and loan association as defined by the Federal Deposit Insurance Corporation, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any savings bank or savings and loan association in excess of such limitation.

(c) No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or moneys are invested in a credit union account, the amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50% of the unimpaired capital and surplus of such credit union, which shall include shares, reserves and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or moneys invested in a credit union in excess of such limitation.

(d) Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by any of the following classes of securities, provided there has been no default in the payment of principal or interest thereon:

(1) Bonds, notes, or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes, or other securities or evidence of indebtedness constituting the obligation of a U.S. agency or instrumentality.

(2) Direct and general obligation bonds of the State of Illinois or of any other state of the United States.

(3) Revenue bonds of this State or any authority, board, commission, or similar agency thereof.

(4) Direct and general obligation bonds of any city, town, county, school district, or other taxing body of any state, the debt service of which is payable from general ad valorem taxes.

(5) Revenue bonds of any city, town, county, or school district of the State of Illinois.

(6) Obligations issued, assumed, or guaranteed by the International Finance Corporation, the principal of which is not amortized during the life of the obligation, but no such obligation shall be accepted at more than 90% of its market value.

(7) Illinois Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing

Development Act.

(8) In an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer: (i) securities, (ii) mortgages, (iii) letters of credit issued by a Federal Home Loan Bank, or (iv) loans covered by a State Guarantee under the Illinois Farm Development Act, if that guarantee has been assumed by the Illinois Finance Authority under Section 845-75 of the Illinois Finance Authority Act, and loans covered by a State Guarantee under Article 830 of the Illinois Finance Authority Act.

(9) Certificates of deposit or share certificates issued to the depository institution pledging them as security. The public agency may require security in the amount of 125% of the value of the public agency deposit. Such certificate of deposit or share certificate shall:

(i) be fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund or issued by a depository institution which is rated within the 3 highest classifications established by at least one of the 2 standard rating services;

(ii) be issued by a financial institution having assets of \$15,000,000 or more; and

(iii) be issued by either a savings and loan association having a capital to asset ratio of at least 2%, by a bank having a capital to asset ratio of at least 6% or by a credit union having a capital to asset ratio of at least 4%.

The depository institution shall effect the assignment of the certificate of deposit or share certificate to the public agency and shall agree that, in the event the issuer of the certificate fails to maintain the capital to asset ratio required by this Section, such certificate of deposit or share certificate shall be replaced by additional suitable security.

(e) The public agency may accept a system established by the State Treasurer to aggregate permissible securities received as collateral from financial institutions in a collateral pool to secure public deposits of the institutions that have pledged securities to the pool.

(f) The public agency may at any time declare any particular security ineligible to qualify as collateral when, in the public agency's judgment, it is deemed desirable to do so.

(g) Notwithstanding any other provision of this Section, as security a public agency may, at its discretion, accept a bond, executed by a company authorized to transact the kinds of business described in clause (g) of Section 4 of the Illinois Insurance Code, in an amount not less than the amount of the deposits required by this Section to be secured, payable to the public agency for the benefit of the People of the unit of government, in a form that is acceptable to the public agency.

(h) Paragraphs (a), (b), (c), (d), (e), (f), and (g) of this Section do not apply to the University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the Cooperative Computer Center and public community colleges.

(Source: P.A. 95-331, eff. 8-21-07.)

(30 ILCS 235/6.5)

(Text of Section from P.A. 98-703)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings

account, demand deposit account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsections (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-703, eff. 7-7-14.)

(Text of Section from P.A. 98-756)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsection (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-756, eff. 7-16-14.)

(30 ILCS 235/7) (from Ch. 85, par. 907)

Sec. 7. When investing or depositing public funds, each custodian shall, to the extent permitted by this Act and by the lawful and reasonable performance of his custodial duties, invest or deposit such funds with or in minority-owned financial institutions within this State.

(Source: P.A. 84-754.)

(30 ILCS 235/8)

Sec. 8. Consideration of financial institution's commitment to its

community.

(a) In addition to any other requirements of this Act, a public agency is authorized to consider the financial institution's record and current level of financial commitment to its local community when deciding whether to deposit public funds in that financial institution. The public agency may consider factors including, but not necessarily limited to:

(1) for financial institutions subject to the federal Community Reinvestment Act of 1977, the current and historical ratings that the financial institution has received, to the extent that those ratings are publicly available, under the federal Community Reinvestment Act of 1977;

(2) any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;

(3) the financial impact that the withdrawal or denial of deposits of public funds might have on the financial institution;

(4) the financial impact to the public agency as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and

(5) any additional burden on the resources of the public agency that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

(b) Nothing in this Section shall be construed as authorizing the public agency to conduct an examination or investigation of a financial institution or to receive information that is not publicly available and the disclosure of which is otherwise prohibited by law.

(Source: P.A. 93-251, eff. 7-1-04.)

INVESTMENT POLICY

This policy authorizes the Commission to invest funds in certain authorized classes of securities. All persons from the Commission involved in the investment of public funds are to comply with the provisions relating to the deposit and investment of public funds. The purpose of this Statement of Investment Policy and Guidelines (this "Policy") is to establish cash management and investment guidelines for the Commission. This Policy has been prepared in accordance with the Public Funds Investment Act (30 ILCS 235), Exhibit A.

1.0 POLICY

The Commission is responsible for the management of daily receipt and investment of cash and related accounting operations. The Treasurer is the Chief Investment Officer of the Commission and investments may be directed by the Treasurer, General Manager, Office designees, or outside professional fund managers, in accordance with this Policy.

It is the policy of the Commission to invest all funds under the control in a manner that provides the highest investment return using authorized instruments while meeting the Commission's daily cash flow demands in conformance with this policy, its objectives, applicable ordinances and laws.

2.0 SCOPE OF POLICY:

This Policy applies to all investments held within and made on behalf of the Commission.

3.0 OBJECTIVES:

The primary objective in the investment of funds under control of the Commission is to ensure the safety of principal, while managing liquidity requirements of debt service and other financial obligations of the Commission, and providing the highest investment return using authorized investment instruments.

3.1 **Safety.**

The safety of principal is the foremost objective of the investment program. Commission investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio. To attain this objective, diversification is required to ensure that the Commission prudently manages market, interest rate and credit risk. Each investment purchase shall be limited to those defined as eligible under this Policy.

3.2 **Liquidity.**

The investment portfolio shall remain sufficiently liquid to enable the Commission to meet all operating requirements that might be reasonably anticipated. ~~Except as~~Unless otherwise authorized by the Board, all investments shall be fully payable as to principal and interest within five years from the date of purchase. The only exception will be in regards to investments within the Long-Term Water Capital Reserve Fund which may include investments that shall be fully payable as to principal and interest within ten years from the date of purchase due to the longstanding nature of the reserve fund; provided, however, that such investments shall have a maximum five-year weighted average maturity.

3.3 **Return on Investments.**

The investment portfolio shall be designed to obtain the highest available return, taking into account the Commission's investment risk constraints and cash flow needs. The Commission shall seek to obtain the highest available return using authorized investments.

4.0 STANDARD OF CARE:

To accomplish the objectives of the Commission, all authorized persons engaged in the investment process will perform their duties responsibly in accordance with the following standard:

“Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the Commission, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of investing funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Commission.”

The standard of care to be used by the Commission shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Those involved in investing shall: (i) act in accordance with written procedures and this Policy, (ii) exercise due diligence, (iii) prepare all reports in a timely fashion and (iv) exercise appropriate action to control adverse developments.

5.0 OPERATIONAL GUIDELINES:

5.1 Particular Fund Investments:

The Commission requires that any investments of a particular restricted account be credited to that account. Principal and interest shall be credited to the particular restricted account so invested. Any two of the following four officials, 1) General Manager, 2) Treasurer, 3) Finance Committee Chairman, and 4) Commission Chairman, may transfer ownership of any security purchased with monies of a particular restricted account to another restricted or unrestricted account of the Commission. The particular restricted account originally invested shall be credited with the amount of the principal and accrued interest up to the date of the transfer of ownership of such security from that particular restricted account to the other restricted/unrestricted account.

5.2 Competitive Bidding:

At least three (3) competitive bids are to be solicited on most investment transactions made by the Commission. Bids/quotes and markups or discounts need to be consistent with prevailing institutional trades at the time of each transaction and are to be compared to market quotations for the same type and maturity investment. In certain emergency circumstances, the Commission may solicit less than three (3) competitive bids. The guiding principle with choosing any bid for any investment transaction made by the Commission is the quality of the bid and the assurance that the bidder can complete the investment transaction.

5.3 Selection of Investment Advisors and Money Managers:

The services of investment advisors and money managers shall only be employed after the solicitation of at least three written quotations and, as required by the Commission’s By-Laws, as amended, approved by the Board of Commissioners pursuant to the majority affirmative vote of all of the Commissioners, including the votes of at least 1/3 of the Commissioners appointed by the Chairman of the DuPage County Board and at least 40% of the Commissioners appointed by the groups of mayors as provided in the Water Commission Act of 1985, 70 ILCS 3720/0.001 et seq.

6.0 ETHICS AND CONFLICT OF INTEREST:

It is the policy of the Commission that no person acting on behalf of the investment function shall, in any manner, have any interest, either directly or indirectly in, or receive in any manner compensation from, any investments in which the Commission is authorized to invest; or have any interest, either directly or indirectly in, or receive, in any manner, compensation of any kind from, the

sellers, sponsors or managers of such investments. Officers and other staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED INVESTMENTS:

The Board has authorized the following types of investments subject to the provisions of the Public Funds Investment Act (30 ILCS 235) and other applicable law:

The investment portfolio will be diversified to avoid incurring undue concentration in securities of one type or securities of one financial institution or maturities.

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed as to the payment of principal and interest by the full faith and credit of the United States of America.

Maximum Aggregate Position No Limit

- b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies and its instrumentalities.

Maximum Aggregate Position No Limit

- c. Interest-bearing savings accounts, certificates of deposit, time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, the deposits of which are insured by the Federal Deposit Insurance Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position 50% of total portfolio

- d. Short-term obligations of corporations (Commercial Paper) organized in the United States of America with assets exceeding \$500,000,000; obligations must be rated at the time of purchase A1/P1 or better by Standard & Poor's and Moody's, respectively, and must mature not later than 210 days from the date of purchase; the Board's investment in the short-term obligations of a single issuer shall not exceed 10% of that corporation's outstanding obligations.

Maximum Position with Single Issuer 5% of total portfolio
Maximum Aggregate Position 33% of total portfolio

- e. Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended; the portfolio of any such money market fund must be limited to obligations specified in subsection [a] or [b] of this section and to agreements to repurchase such obligations. All underlying securities of the fund must mature within twelve months or less, and the fund must maintain a weighted average portfolio maturity of 90 days or less. Prospectuses must be on file, reviewed, and approved before investing.

Maximum Aggregate Position No Limit

- f. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of any state or of the United States of America, the shares or investment certificates of which are insured by the Federal Deposit Insurance

Corporation. Any such investments made in excess of such deposit insurance shall be secured as provided in Section 10.0.

Maximum Aggregate Position 50% of total portfolio

- g. Dividend-bearing share accounts, share certificate accounts, or other such class of share accounts of a credit union chartered under the laws of the State of Illinois or of the United States of America, provided that deposits are insured by applicable law and that the credit union's principal office is located within the State of Illinois. Any such investments made in excess of such deposit insurance, shall be secured as provided in Section 10.0

Maximum Aggregate Position 25% of total portfolio

- h. Subject to the limitation of Section 12 of the Local Government Debt Reform Act, 30 ILCS 350/12, interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, if the interest earned thereon is tax-exempt under federal law. The bonds shall be registered in the name of the Commission or held under a custodial agreement at a bank. The bonds shall be rated at least A- by Standard and Poor's or A3 by Moody's at the time of purchase.

Maximum Aggregate Position 25% of total portfolio

- i. Any other suitable investment instrument permitted by applicable state laws governing public investments subject to the reasonable exercise of prudence in making investments of public fund.

8.0 REVENUE BOND ORDINANCES:

The ~~1987provisions and 1993restrictions of the 2013~~ Revenue Bond ~~Ordinances~~Ordinance regarding permitted investments must be observed ~~with particular attention paid to the Interest and Principal accounts that must be invested in U.S. Government guaranteed securities.~~

9.0 INVESTMENT RESTRICTIONS:

The Commission will not utilize investment of leveraged transactions, financial forwards, futures, hedged investments, index amortizing notes, dual index notes, de-leveraged bonds, range bonds, inverse floaters, and any other financial derivative. The Commission is not authorized, without the approval of the Board, to (i) invest in financial agreements whose returns are linked to or derived from the performance of some underlying asset such as bonds, currencies or commodities products, or (ii) borrow against or otherwise obligate Commission investments. No investment maturity can be longer than 5 years except as otherwise authorized by the Board per Section 3.2.

10.0 COLLATERALIZATION:

In order to protect the Commission's deposits, depository institutions are to maintain collateral pledges on Commission certificates of deposit during the term of the deposit of at least 102% of marketable U.S. government or approved securities or surety bonds issued by top-rated insurers. Collateral is required as security for any amount in excess of the federal deposit insurance limit. The collateral required to secure Commission funds must be held in safekeeping and pursuant to collateral agreements which would prohibit release or substitution of pledged assets without proper written notification and authorization of the Treasurer or General Manager. However, substitutions may be made

without prior approval from the Commission provided: security types are of the type allowed for collateralization in the Policy, the market value of the securities to be substituted is at least equal to the amount withdrawn; notification is given to the Treasurer or General Manager; and the custodian has not received any prior notification from the Treasurer or General Manager prohibiting substitution. Repurchase agreements must also be collateralized in an amount of 102% of market value of principal and accrued interest.

The final maturity of acceptable collateral pledged shall not exceed 60 months. Collateral pledged for repurchase agreements shall be marked to market at least weekly during the term of the agreement. Additional collateral will be required when the ratio falls below the level required.

11.0 SAFEKEEPING AND CUSTODY:

All securities and collateral will be held by a third party custodian designated by the Commission and evidenced by safekeeping receipts. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

12.0 DIVERSIFICATION:

A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions.

13.0 INTERNAL CONTROLS:

The Commission, shall maintain a system of internal controls and written operational procedures that shall be documented. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by authorized investment officers.

In addition, the Commission has established a system of internal controls to ensure that staff positions and functional duties are adequately segregated for separation of duties between the investment and accounting operations.

These controls shall be tested and reviewed periodically by external auditors during the audit.

14.0 PERFORMANCE EVALUATION:

The Commission will utilize the following benchmarks as appropriate to determine whether market average yields are being achieved:

Account	Benchmark
Water O&M	BoA/Merrill Lynch 3-Month U.S. Treasury Bill Index
Water O&M Reserve	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
Depreciation	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
Board Designated Reserve	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
General Account	BoA/Merrill Lynch 3-Month U.S. Treasury Bill Index
Sales Tax	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Operating Reserve Fund	BoA/Merrill Lynch 1 – 5 Year U.S. Treasury Index
Capital Reserve Fund	BoA/Merrill Lynch 1 – 3 Year U.S. Treasury Index
Long-Term Water Capital	BoA/Merrill Lynch 1 – 5 10 Year U.S. Treasury Index

Reserve Fund

For all other funds (i.e., the Interest and Principal accounts), the rate of return should equal or exceed the rate of return on Treasury securities of like maturities and like purchase dates.

15.0 REPORTING:

The Commission shall record all investment transactions. A written report will be generated monthly for internal purposes listing all active investments by class or type, maturity of investments, book value, interest rate, income earned, including the fair market value of all investments as of the report date and other pertinent information deemed necessary. This report will be submitted to the General Manager of the Commission for distribution to the Board no less than on a quarterly basis pursuant to the Public Funds Investment Act.

16.0 POLICY ADOPTION AND AMENDMENT:

This Policy shall be adopted by a resolution of the Board. This Policy may be reviewed from time to time and amended upon approval of the Board.

Exhibit A

ILLINOIS PUBLIC FUNDS INVESTMENT ACT

(30 ILCS 235/)

FINANCE

(30 ILCS 235/) Public Funds Investment Act.

(30 ILCS 235/0.01) (from Ch. 85, par. 900)

Sec. 0.01. Short title. This Act may be cited as the Public Funds Investment Act.

(Source: P.A. 86-1324.)

(30 ILCS 235/1) (from Ch. 85, par. 901)

Sec. 1. The words "public funds", as used in this Act, mean current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any public agency.

The words "public agency", as used in this Act, mean the State of Illinois, the various counties, townships, cities, towns, villages, school districts, educational service regions, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, the Illinois Bank Examiners' Education Foundation, the Chicago Park District, and all other political corporations or subdivisions of the State of Illinois, now or hereafter created, whether herein specifically mentioned or not. This Act does not apply to the Illinois Prepaid Tuition Trust Fund, private funds collected by the Illinois Conservation Foundation, or pension funds or retirement systems established under the Illinois Pension Code, except as otherwise provided in that Code.

The words "governmental unit", as used in this Act, have the same meaning as in the Local Government Debt Reform Act.

(Source: P.A. ~~91-66998-297~~, eff. 1-1-00; ~~92-797~~, eff. ~~8-15-02~~14.)

(30 ILCS 235/2) (from Ch. 85, par. 902)

Sec. 2. Authorized investments.

(a) Any public agency may invest any public funds as follows:

(1) in bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(2) in bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;

(3) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

(4) in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations;

or

(5) in money market mutual funds registered under the

Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraph (1) or (2) of this subsection and to agreements to repurchase such obligations.

(a-1) In addition to any other investments authorized under this Act, a municipality ~~or a~~, park district, forest preserve district, conservation district, county, or other governmental unit may invest its public funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality ~~or~~, park district, forest preserve district, conservation district, county, or other governmental unit, or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

(b) Investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation. Any public agency may invest any public funds in short term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. All such securities so purchased shall mature or be redeemable on a date or dates prior to the time when, in the judgment of such governing authority, the public funds so invested will be required for expenditure by such public agency or its governing authority. The expressed judgment of any such governing authority as to the time when any public funds will be required for expenditure or be redeemable is final and conclusive. Any public agency may invest any public funds in dividend-bearing share accounts, share certificate accounts or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law.

(c) For purposes of this Section, the term "agencies of the United States of America" includes: (i) the federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit banks, or any other entity authorized to issue debt obligations under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) and Acts amendatory thereto; (ii) the federal home loan banks and the federal home loan mortgage corporation; and (iii) any other agency created by Act of Congress.

(d) Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code or under Section 3.2 of the Public Officer Prohibited Practices Act, no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

(1) have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.

(2) have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.

(3) receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

(e) Any public agency may also invest any public funds in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed,

operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

(f) To the extent a public agency has custody of funds not owned by it or another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

(g) A public agency may purchase or invest in repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued thereunder. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

(h) Except for repurchase agreements of government securities which are subject to the Government Securities Act of 1986, as now or hereafter amended or succeeded, no public agency may purchase or invest in instruments which constitute repurchase agreements, and no financial institution may enter into such an agreement with or on behalf of any public agency unless the instrument and the transaction meet the following requirements:

(1) The securities, unless registered or inscribed in the name of the public agency, are purchased through banks or trust companies authorized to do business in the State of Illinois.

(2) An authorized public officer after ascertaining which firm will give the most favorable rate of interest, directs the custodial bank to "purchase" specified securities from a designated institution. The "custodial bank" is the bank or trust company, or agency of government, which acts for the public agency in connection with repurchase agreements involving the investment of funds by the public agency. The State Treasurer may act as custodial bank for public agencies executing repurchase agreements. To the extent the Treasurer acts in this capacity, he is hereby authorized to pass through to such public agencies any charges assessed by the Federal Reserve Bank.

(3) A custodial bank must be a member bank of the Federal Reserve System or maintain accounts with member banks. All transfers of book-entry securities must be accomplished on a Reserve Bank's computer records through a member bank of the Federal Reserve System. These securities must be credited to the public agency on the records of the custodial bank and the transaction must be confirmed in writing to the public agency by the custodial bank.

(4) Trading partners shall be limited to banks or trust companies authorized to do business in the State of Illinois or to registered primary reporting dealers.

(5) The security interest must be perfected.

(6) The public agency enters into a written master repurchase agreement which outlines the basic responsibilities and liabilities of both buyer and seller.

(7) Agreements shall be for periods of 330 days or less.

(8) The authorized public officer of the public agency informs the custodial bank in writing of the maturity details of the repurchase agreement.

(9) The custodial bank must take delivery of and

maintain the securities in its custody for the account of the public agency and confirm the transaction in writing to the public agency. The Custodial Undertaking shall provide that the custodian takes possession of the securities exclusively for the public agency; that the securities are free of any claims against the trading partner; and any claims by the custodian are subordinate to the public agency's claims to rights to those securities.

(10) The obligations purchased by a public agency may only be sold or presented for redemption or payment by the fiscal agent bank or trust company holding the obligations upon the written instruction of the public agency or officer authorized to make such investments.

(11) The custodial bank shall be liable to the public agency for any monetary loss suffered by the public agency due to the failure of the custodial bank to take and maintain possession of such securities.

(i) Notwithstanding the foregoing restrictions on investment in instruments constituting repurchase agreements the Illinois Housing Development Authority may invest in, and any financial institution with capital of at least \$250,000,000 may act as custodian for, instruments that constitute repurchase agreements, provided that the Illinois Housing Development Authority, in making each such investment, complies with the safety and soundness guidelines for engaging in repurchase transactions applicable to federally insured banks, savings banks, savings and loan associations or other depository institutions as set forth in the Federal Financial Institutions Examination Council Policy Statement Regarding Repurchase Agreements and any regulations issued, or which may be issued by the supervisory federal authority pertaining thereto and any amendments thereto; provided further that the securities shall be either (i) direct general obligations of, or obligations the payment of the principal of and/or interest on which are unconditionally guaranteed by, the United States of America or (ii) any obligations of any agency, corporation or subsidiary thereof controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States and provided further that the security interest must be perfected by either the Illinois Housing Development Authority, its custodian or its agent receiving possession of the securities either physically or transferred through a nationally recognized book entry system.

(j) In addition to all other investments authorized under this Section, a community college district may invest public funds in any mutual funds that invest primarily in corporate investment grade or global government short term bonds. Purchases of mutual funds that invest primarily in global government short term bonds shall be limited to funds with assets of at least \$100 million and that are rated at the time of purchase as one of the 10 highest classifications established by a recognized rating service. The investments shall be subject to approval by the local community college board of trustees. Each community college board of trustees shall develop a policy regarding the percentage of the college's investment portfolio that can be invested in such funds.

Nothing in this Section shall be construed to authorize an intergovernmental risk management entity to accept the deposit of public funds except for risk management purposes.

(Source: P.A. ~~96-741, eff. 8-25-09~~; 97-129, eff. 7-14-11; 98-297, eff. 1-1-14; 98-390, eff. 8-16-13; 98-756, eff. 7-16-14.)

(30 ILCS 235/2.5)

Sec. 2.5. Investment policy.

(a) Investment of public funds by a public agency shall be governed by a written investment policy adopted by the public agency. The level of detail and complexity of the investment policy shall be appropriate to the nature of

the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio. The policy shall address safety of principal, liquidity of funds, and return on investment and shall require that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. In addition, the investment policy shall include or address the following:

- (1) a listing of authorized investments;
- (2) a rule, such as the "prudent person rule", establishing the standard of care that must be maintained by the persons investing the public funds;
- (3) investment guidelines that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (4) a policy regarding diversification of the investment portfolio that is appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (5) guidelines regarding collateral requirements, if any, for the deposit of public funds in a financial institution made pursuant to this Act, and, if applicable, guidelines for contractual arrangements for the custody and safekeeping of that collateral;
- (6) a policy regarding the establishment of a system of internal controls and written operational procedures designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the entity;
- (7) identification of the chief investment officer who is responsible for establishing the internal controls and written procedures for the operation of the investment program;
- (8) performance measures that are appropriate to the nature of the funds, the purpose for the funds, and the amount of the public funds within the investment portfolio;
- (9) a policy regarding appropriate periodic review of the investment portfolio, its effectiveness in meeting the public agency's needs for safety, liquidity, rate of return, and diversification, and its general performance;
- (10) a policy establishing at least quarterly written reports of investment activities by the public agency's chief financial officer for submission to the governing body and chief executive officer of the public agency. The reports shall include information regarding securities in the portfolio by class or type, book value, income earned, and market value as of the report date;
- (11) a policy regarding the selection of investment advisors, money managers, and financial institutions; and
- (12) a policy regarding ethics and conflicts of interest.

(b) For purposes of the State or a county, the investment policy shall be adopted by the elected treasurer and presented to the chief executive officer and the governing body. For purposes of any other public agency, the investment policy shall be adopted by the governing body of the public agency.

(c) The investment policy shall be made available to the public at the main administrative office of the public agency.

(d) The written investment policy required under this Section shall be developed and implemented by January 1, 2000.

(Source: P.A. 90-688, eff. 7-31-98.)

(30 ILCS 235/2.10)

Sec. 2.10. Unit of local government; deposit at reduced rate of interest. The treasurer of a unit of local government may, in his or her discretion,

deposit public moneys of that unit of local government in a financial institution pursuant to an agreement that provides for a reduced rate of interest, provided that the institution agrees to expend an amount of money equal to the amount of the reduction for senior centers.

(Source: P.A. 93-246, eff. 7-22-03.)

(30 ILCS 235/3) (from Ch. 85, par. 903)

Sec. 3. If any securities, purchased under authority of Section 2 hereof, are issuable to a designated payee or to the order of a designated payee, then the public agency shall be so designated, and further, if such securities are purchased with money taken from a particular fund of a public agency, the name of such fund shall be added to that of such public agency. If any such securities are registerable, either as to principal or interest, or both, then such securities shall be so registered in the name of the public agency, and in the name of the fund to which they are to be credited.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/4) (from Ch. 85, par. 904)

Sec. 4. All securities purchased under the authority of this Act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon his or their official bond or bonds for the safekeeping of all such securities. Any securities purchased by any such public agency under authority of this Act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. Except as provided in Section 4.1 of "An Act in relation to State finance", all payments received as principal or interest, or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

(Source: P.A. 84-1378.)

(30 ILCS 235/5) (from Ch. 85, par. 905)

Sec. 5. This Act, without reference to any other statute, shall be deemed full and complete authority for the investment of public funds, as hereinabove provided, and shall be construed as an additional and alternative method therefor.

(Source: Laws 1943, vol. 1, p. 951.)

(30 ILCS 235/6) (from Ch. 85, par. 906)

Sec. 6. Report of financial institutions.

(a) No bank shall receive any public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last two sworn statements of resources and liabilities which the bank is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency; provided, that if such funds or moneys are deposited in a bank, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the capital stock and surplus of such bank, and the corporate authorities of a public agency submitting a deposit shall not be discharged

from responsibility for any funds or moneys deposited in any bank in excess of such limitation.

(b) No savings bank or savings and loan association shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a deposit with copies of the last 2 sworn statements of resources and liabilities which the savings bank or savings and loan association is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation. Each savings bank or savings and loan association designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or the Federal Deposit Insurance Corporation; provided, that if such funds or moneys are deposited in a savings bank or savings and loan association, the amount of all such deposits not collateralized or insured by an agency of the federal government shall not exceed 75% of the net worth of such savings bank or savings and loan association as defined by the Federal Deposit Insurance Corporation, and the corporate authorities of a public agency submitting a deposit shall not be discharged from responsibility for any funds or moneys deposited in any savings bank or savings and loan association in excess of such limitation.

(c) No credit union shall receive public funds unless it has furnished the corporate authorities of a public agency submitting a share deposit with copies of the last two reports of examination prepared by or submitted to the Illinois Department of Financial Institutions or the National Credit Union Administration. Each credit union designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all reports of examination prepared by or furnished to the Illinois Department of Financial Institutions or the National Credit Union Administration; provided that if such funds or moneys are invested in a credit union account, the amount of all such investments not collateralized or insured by an agency of the federal government or other approved share insurer shall not exceed 50% of the unimpaired capital and surplus of such credit union, which shall include shares, reserves and undivided earnings and the corporate authorities of a public agency making an investment shall not be discharged from responsibility for any funds or moneys invested in a credit union in excess of such limitation.

(d) Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by any of the following classes of securities, provided there has been no default in the payment of principal or interest thereon:

(1) Bonds, notes, or other securities constituting direct and general obligations of the United States, the bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States, and bonds, notes, or other securities or evidence of indebtedness constituting the obligation of a U.S. agency or instrumentality.

(2) Direct and general obligation bonds of the State of Illinois or of any other state of the United States.

(3) Revenue bonds of this State or any authority, board, commission, or similar agency thereof.

(4) Direct and general obligation bonds of any city, town, county, school district, or other taxing body of any state, the debt service of which is payable from general ad valorem taxes.

(5) Revenue bonds of any city, town, county, or school district of the State of Illinois.

(6) Obligations issued, assumed, or guaranteed by the International Finance Corporation, the principal of which is not

amortized during the life of the obligation, but no such obligation shall be accepted at more than 90% of its market value.

(7) Illinois Affordable Housing Program Trust Fund Bonds or Notes as defined in and issued pursuant to the Illinois Housing Development Act.

(8) In an amount equal to at least market value of that amount of funds deposited exceeding the insurance limitation provided by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer: (i) securities, (ii) mortgages, (iii) letters of credit issued by a Federal Home Loan Bank, or (iv) loans covered by a State Guarantee under the Illinois Farm Development Act, if that guarantee has been assumed by the Illinois Finance Authority under Section 845-75 of the Illinois Finance Authority Act, and loans covered by a State Guarantee under Article 830 of the Illinois Finance Authority Act.

(9) Certificates of deposit or share certificates issued to the depository institution pledging them as security. The public agency may require security in the amount of 125% of the value of the public agency deposit. Such certificate of deposit or share certificate shall:

(i) be fully insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund or issued by a depository institution which is rated within the 3 highest classifications established by at least one of the 2 standard rating services;

(ii) be issued by a financial institution having assets of \$15,000,000 or more; and

(iii) be issued by either a savings and loan association having a capital to asset ratio of at least 2%, by a bank having a capital to asset ratio of at least 6% or by a credit union having a capital to asset ratio of at least 4%.

The depository institution shall effect the assignment of the certificate of deposit or share certificate to the public agency and shall agree that, in the event the issuer of the certificate fails to maintain the capital to asset ratio required by this Section, such certificate of deposit or share certificate shall be replaced by additional suitable security.

(e) The public agency may accept a system established by the State Treasurer to aggregate permissible securities received as collateral from financial institutions in a collateral pool to secure public deposits of the institutions that have pledged securities to the pool.

(f) The public agency may at any time declare any particular security ineligible to qualify as collateral when, in the public agency's judgment, it is deemed desirable to do so.

(g) Notwithstanding any other provision of this Section, as security a public agency may, at its discretion, accept a bond, executed by a company authorized to transact the kinds of business described in clause (g) of Section 4 of the Illinois Insurance Code, in an amount not less than the amount of the deposits required by this Section to be secured, payable to the public agency for the benefit of the People of the unit of government, in a form that is acceptable to the public agency.

(h) Paragraphs (a), (b), (c), (d), (e), (f), and (g) of this Section do not apply to the University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the Cooperative Computer Center and public community colleges.

(Source: P.A. 95-331, eff. 8-21-07.)

(Text of Section from P.A. 98-703)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, demand deposit account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsections (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

~~(c) For purposes of this Section, the term "bank"~~ (c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 98-703, eff. 7-7-14.)

(Text of Section from P.A. 98-756)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank includes any person doing a banking business whether subject to the laws of this or any other jurisdiction. at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsection (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 9398-756, eff. 7-16-0414.)

(30 ILCS 235/7) (from Ch. 85, par. 907)

Sec. 7. When investing or depositing public funds, each custodian shall, to the extent permitted by this Act and by the lawful and reasonable performance of his custodial duties, invest or deposit such funds with or in

minority-owned financial institutions within this State.
(Source: P.A. 84-754.)

(30 ILCS 235/8)

Sec. 8. Consideration of financial institution's commitment to its community.

(a) In addition to any other requirements of this Act, a public agency is authorized to consider the financial institution's record and current level of financial commitment to its local community when deciding whether to deposit public funds in that financial institution. The public agency may consider factors including, but not necessarily limited to:

(1) for financial institutions subject to the federal Community Reinvestment Act of 1977, the current and historical ratings that the financial institution has received, to the extent that those ratings are publicly available, under the federal Community Reinvestment Act of 1977;

(2) any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;

(3) the financial impact that the withdrawal or denial of deposits of public funds might have on the financial institution;

(4) the financial impact to the public agency as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and


(5) any additional burden on the resources of the public agency that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

(b) Nothing in this Section shall be construed as authorizing the public agency to conduct an examination or investigation of a financial institution or to receive information that is not publicly available and the disclosure of which is otherwise prohibited by law.


(Source: P.A. 93-251, eff. 7-1-04.)

DATE: December 10, 2014

REQUEST FOR BOARD ACTION

AGENDA SECTION Finance Committee	ORIGINATING DEPARTMENT Finance
ITEM Authorizing the Transfer of Funds from the General Account and Sales Tax Account to the Capital Reserve Account	APPROVAL 
<p>Account Numbers: 01-1217, 01-1230 and 01-1220</p> <p>The request is to transfer initial funds into the newly authorized Capital Reserve Fund. The transfers would be comprised of \$12 million from the General Account and \$5 million from the Sales Tax Account. Funds deposited in this Fund shall be used to provide a ready source of funds for repair, refurbishment or acquisition of buildings, leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the Commission and its programs.</p> <p>The Capital Reserve Fund will accumulate and maintain a minimum amount equal to the planned amounts required in the annually approved 5 Year Capital Improvement Plan. This account is expected to meet its minimum requirement prior to the loss of the sales tax revenues (June 1, 2016) that in the past funded the capital program.</p>	
MOTION: Authorizing the Transfer of Funds from the General Account and Sales Tax Account to the Capital Reserve Account	

REQUEST FOR BOARD ACTION

AGENDA SECTION	Finance Committee	ORIGINATING DEPARTMENT	Finance
ITEM	Authorization for the General Manager to engage in a two (2) year agreement with Sikich LLC for audit services at the DuPage Water Commission for a not to exceed amount of \$32,000 per year	APPROVAL	
Account Number: 01-60-6260			
This request would authorize the General Manager to engage in a two (2) year (with an additional 1 year option) agreement with Sikich LLC for Audit Services at the DuPage Water Commission for a not to exceed amount of \$32,000 per year.			
The Commission solicited sealed proposals for audit services at the DuPage Water Commission by direct invitation to local and national accounting firms. Sealed proposals were received until 3:00 p.m., local time, November 17, 2014, at which time all of the proposals received were opened.			
Of the nine companies that held copies of the Request for Proposals (RFP) document, five proposals were received. Of the five proposals received, the proposal of Sikich LLC was found to be the lowest responsible bidder and most favorable to the interests of the Commission.			
MOTION: To authorize the General Manager to engage in a two (2) year agreement with Sikich LLC for audit services at the DuPage Water Commission for a not to exceed amount of \$32,000 per year.			